

AUTHORIZATION OF SALARY AND PAID LEAVE FOR UNION OFFICIALS



Many unions pay union officers or employees (“officials”) a salary for either full-time or part-time work. The Labor-Management Reporting and Disclosure Act (LMRDA) requires that unions meet basic standards of fiscal responsibility. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for authorizing and documenting salary and paid leave for union officials. These payments must be reported on the Form LM-2, LM-3, or LM-4 annual report that unions are required to file under Title II of the LMRDA and must be accurately documented in the books and records of the union.

Salary and Paid Leave Policies

A number of problems may occur if a union does not have explicit authorization and clear guidance regarding an official’s entitlement to a paid salary or leave. For example, when an official leaves office, is he entitled to cash out all unused vacation and sick leave? This can amount to a considerable amount of money. A well-written, clear policy regarding union official salaries and paid leave, authorized by the governing body, will clarify these potential misunderstandings.

OLMS does not recommend one best salary and/or paid leave policy. However, we do strongly recommend a written policy approved by the governing body to ensure compliance with the LMRDA and to safeguard union assets. This authorization must be documented in at least one union record.

Finally, in drafting a salary and paid leave policy, we recommend you try to answer as many of the following questions as completely as possible and include the answers to these questions in your policy. Remember, a policy is a “living document” that should be periodically reviewed and updated as needed. The following is not necessarily an all-inclusive list of questions.

Salary Policies

Is the salary specified in a *dollar amount*? If so, are there different salaries for different officials? Are there provisions for annual increases? If annual increases are addressed in the policy, how are they calculated (e.g. linked to average negotiated increases, Cost of Living index, etc.)?

Is the salary linked to a *specific rate of pay* under the collective bargaining agreement (e.g. Master Mechanic, equipment operator, highest paid bargaining unit member)? If this is the case, does the policy clearly identify which rate and whether or not negotiated increases apply?

Is there some other *formula* for determining salaries of union officials (e.g. a base rate plus some additional bonus or differential)? If so, does the policy clearly identify how the formula works and where the data comes from?

Are salaries established by a collective bargaining agreement? If so, this agreement should be *ratified* by the governing body of the union and this should be recorded in the minutes.

Can salary advances be authorized? If so, what is the procedure for doing so?

Is it possible to distinguish from payroll and other records what time is considered paid work and what time is considered paid leave? Can you look at a payroll record or paycheck stub and determine how many hours or days in a pay period the official was on paid leave?

Is it possible for a union official to be paid his or her regular salary as well as lost time earnings? If so, under what circumstances is this allowed?

Are union officials eligible to receive any form of premium pay? Such as for weekend or evening work.

Paid Leave Policies

Does your policy specify *what type* of paid leave is available to *which* union officials (e.g. vacation, paid holidays, paid sick leave, paid educational leave, personal holidays, etc.)? For example, in some cases there may be one paid leave policy for clerical employees and a different one for all other officials.

Does your policy specify *how much* paid leave is available to union officials each year? In the case of holidays, does it specify which holidays are paid holidays? If floating or personal holidays are allowed, how many are union officials entitled to? In the case of sick leave, *how many* sick leave days per year are union officials entitled to? Do part-time officials qualify for the same amount? Do less than full-time union officials earn a percentage of leave equal to the number of hours worked? And in the case of paid vacation, how many days (weeks or hours) of paid vacation are union officials entitled to each year (in some cases, days of vacation eligibility increase with years of continuous service)?

Does the policy establish any *maximum accumulation of unused paid leave*? For example, how many days of sick leave can a union official accumulate? How many days of unused vacation can a union official accumulate? Is it a “use it or lose it” policy for each calendar year? If a union official quits, retires or otherwise leaves the union, are they able to “cash out” this accumulation? If so, are there any restrictions as to what rate of pay the “cash out” will be (be advised that some states, such as California, have laws and regulations on this subject)? Make sure that any unpaid accumulated sick or annual leave be reported as a liability on the union’s LM report filed with OLMS.

Does the policy establish any *restrictions as to when paid leave can be utilized*? For example, must a union official “qualify” for holiday pay by working the day before (and/or the day after) the holiday? Must the union official present a doctor’s certification of illness for any use of sick leave (or after a certain number of consecutive days of illness)? Must a union official submit a request for vacation leave and, if so, who must approve it? Can vacation leave be used in increments smaller than one day at a time?

Is there a procedure to record when officers and/or employees are on paid leave? If so, who will be responsible for maintaining its accuracy?

Documenting Salary and Paid Leave Policies

Title II of the LMRDA requires a union to maintain records documenting salary payments. These records should include documentation that the payment was *authorized* by the union. The documentation may be in the form of an annual salary authorization in the minutes of a local union, in the minutes of an executive board meeting, or, in some cases, in the union by-laws. Some unions may provide some or all union officials with paid sick leave, paid vacation and/or paid holidays. Authorization for these payments must be documented in the same fashion as salary payments. OLMS does not recommend any *particular form* for authorizing these payments, but advises that under Title II of the LMRDA, the salary and paid leave authorizations must be documented.

Authorization for salary and paid leave payments may be very infrequent, unlike authorization for expense reimbursements or payment of monthly credit card bills. For example, if certain union office employees are represented by a staff union and a new collective bargaining agreement contains salary increases and increases in paid leave, a motion authorizing the payment of the higher salary rates and paid leave documented in the minutes of the governing body may be sufficient. Likewise, if union officials have their salaries linked to negotiated increases in a master labor agreement covering members of the union, then including a provision in the union by-laws to this effect is considered sufficient authorization.

Because authorizations for salary and paid leave payments may be infrequent, the related documentation may go back many years. Note that these records must be kept as long as they are needed to support authorization for the payments.

If you have questions, please contact your nearest OLMS field office listed below.

Office of Labor-Management Standards Field Offices

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For the address and telephone number of our field offices, please consult local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, or view our online organizational listing at <http://www.dol.gov/olms/contacts/lmskeyp.htm>.

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Office of Labor-Management Standards

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