

**FY 2020**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF LABOR-MANAGEMENT STANDARDS**

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# OFFICE OF LABOR-MANAGEMENT STANDARDS

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# **OFFICE OF LABOR-MANAGEMENT STANDARDS**

## *OFFICE OF LABOR-MANAGEMENT STANDARDS*

### SALARIES AND EXPENSES

For necessary expenses for the Office of Labor-Management Standards,  
[\$41,187,000] *\$49,134,000*.

(Department of Labor Appropriations Act, 2019.)

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2018 Enacted</b>		<b>FY 2019 Enacted</b>		<b>FY 2020 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>189</b>	<b>\$40,187</b>	<b>236</b>	<b>\$41,187</b>	<b>215</b>	<b>\$49,134</b>
<i>Subtotal Appropriation</i>	<i>189</i>	<i>\$40,187</i>	<i>236</i>	<i>\$41,187</i>	<i>215</i>	<i>\$49,134</i>
Reduction	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Transfer from ETA SUIESO (Pursuant to P.L.115-141)	1	\$1,205	0	\$0	0	\$0
Transfer from ETA SUIESO (Pursuant to P.L.115-245)	0	\$0	-50	\$1,235	0	\$0
<b>B. Gross Budget Authority</b>	<b>190</b>	<b>\$41,392</b>	<b>186</b>	<b>\$42,422</b>	<b>215</b>	<b>\$49,134</b>
Offsetting Collections From:						
Transfer from ETA SUIESO (Pursuant to P.L. 115-141)	-1	-\$1,205	0	\$0	0	\$0
Transfer from ETA SUIESO (Pursuant to P.L.115-245)	0	\$0	50	-\$1,235	0	\$0
<b>C. Budget Authority Before Committee</b>	<b>189</b>	<b>\$40,187</b>	<b>236</b>	<b>\$41,187</b>	<b>215</b>	<b>\$49,134</b>
Offsetting Collections From:						
Transfer from UTA SUIESO (Pursuant of P.L 115-141)	1	\$1,205	0	\$0	0	\$0
Transfer from ETA SUIESO (Pursuant to P.L.115-245)	0	\$0	-50	\$1,235	0	\$0
<b>D. Total Budgetary Resources</b>	<b>190</b>	<b>\$41,392</b>	<b>186</b>	<b>\$42,422</b>	<b>215</b>	<b>\$49,134</b>
FTE Lapse and Unobligated Balance Expiring	0	-\$127	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>190</b>	<b>\$41,265</b>	<b>186</b>	<b>\$42,422</b>	<b>215</b>	<b>\$49,134</b>

# OFFICE OF LABOR-MANAGEMENT STANDARDS

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2019 Enacted	FY 2020 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$42,422	\$49,134	+\$6,712
Total	\$42,422	\$49,134	+\$6,712
 <b>Full Time Equivalents</b>			
General Funds	186	215	29
Total	186	215	29

Explanation of Change	FY 2020 Change							
	FY 2019 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	186	\$21,210	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$7,736	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$104	0	\$104
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$0	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,700	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$20	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$242	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$45	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$455	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$280	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$101	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0

# OFFICE OF LABOR-MANAGEMENT STANDARDS

Explanation of Change	FY 2020 Change							
	FY 2019 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$1,829	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$0	0	\$0	0	\$0	0	\$0
Equipment	0	\$85	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>186</b>	<b>+\$34,703</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$104</b>	<b>0</b>	<b>+\$104</b>
<b>B. Programs:</b>								
Enforcement Program Restoration	144	\$20,786	0	\$0	29	\$4,212	29	\$4,212
WCF-Worker Protection IT Modernization Efforts	0	\$0	0	\$0	0	\$2,500	0	\$2,500
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>29</b>	<b>+\$6,712</b>	<b>29</b>	<b>+\$6,712</b>
<b>Total Increase</b>	<b>186</b>	<b>+\$34,703</b>	<b>0</b>	<b>\$0</b>	<b>29</b>	<b>+\$6,816</b>	<b>29</b>	<b>+\$6,816</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Federal Employees' Compensation Act (FECA)	0	\$79	0	\$0	0	-\$9	0	-\$9
Travel and transportation of persons	0	\$1,031	0	\$0	0	-\$87	0	-\$87
Working Capital Fund	0	\$6,573	0	\$0	0	-\$6	0	-\$6
Supplies and materials	0	\$36	0	\$0	0	-\$2	0	-\$2
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$7,719</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$104</b>	<b>0</b>	<b>-\$104</b>
<b>B. Programs:</b>								
<b>Total Decrease</b>	<b>0</b>	<b>+\$7,719</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$104</b>	<b>0</b>	<b>-\$104</b>
<b>Total Change</b>	<b>186</b>	<b>+\$42,422</b>	<b>0</b>	<b>\$0</b>	<b>29</b>	<b>+\$6,712</b>	<b>29</b>	<b>+\$6,712</b>

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b> (Dollars in Thousands)								
	<b>FY 2018 Enacted</b>		<b>FY 2019 Enacted</b>		<b>FY 2020 Request</b>		<b>Diff. FY20 Request / FY19 Enacted</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Office of Labor-Management Standards</b>	<b>190</b>	<b>41,392</b>	<b>186</b>	<b>42,422</b>	<b>215</b>	<b>49,134</b>	<b>29</b>	<b>6,712</b>
General Funds	190	41,392	186	42,422	215	49,134	29	6,712
<b>Total</b>	<b>190</b>	<b>41,392</b>	<b>186</b>	<b>42,422</b>	<b>215</b>	<b>49,134</b>	<b>29</b>	<b>6,712</b>
<b>General Funds</b>	<b>190</b>	<b>41,392</b>	<b>186</b>	<b>42,422</b>	<b>215</b>	<b>49,134</b>	<b>29</b>	<b>6,712</b>

NOTE: 2018 reflects actual FTE.

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	Diff. FY20 Request / FY19 Enacted
	Full-Time Equivalent				
	Full-time Permanent	178	185	214	29
	Other	1	1	1	0
	<b>Total</b>	<b>179</b>	<b>186</b>	<b>215</b>	<b>29</b>
	Average ES Salary	\$187,000	\$184,454	\$186,298	\$1,844
	Average GM/GS Grade	12/9	12/8	12/8	0
	Average GM/GS Salary	\$101,272	\$103,965	\$100,812	-\$3,153
11.1	Full-time permanent	19,973	20,358	23,537	3,179
11.3	Other than full-time permanent	58	59	59	0
11.5	Other personnel compensation	437	793	793	0
11.9	<b>Total personnel compensation</b>	<b>20,468</b>	<b>21,210</b>	<b>24,389</b>	<b>3,179</b>
12.1	Civilian personnel benefits	7,519	7,815	8,943	1,128
13.0	Benefits for former personnel	3	0	0	0
21.0	Travel and transportation of persons	822	1,031	944	-87
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,695	2,700	2,700	0
23.2	Rental payments to others	23	20	20	0
23.3	Communications, utilities, and miscellaneous charges	201	242	242	0
24.0	Printing and reproduction	16	45	45	0
25.1	Advisory and assistance services	0	0	2,500	2,500
25.2	Other services from non-Federal sources	703	455	455	0
25.3	Other goods and services from Federal sources 1/	6,440	6,954	6,948	-6
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	2,367	1,829	1,829	0
26.0	Supplies and materials	80	36	34	-2
31.0	Equipment	55	85	85	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>41,392</b>	<b>42,422</b>	<b>49,134</b>	<b>6,712</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	6,072	6,573	6,567	-6
	DHS Services	270	280	280	0
	GSA Services	42	14	14	0
	Services by Other Government Departments	53	87	87	0

## OFFICE OF LABOR-MANAGEMENT STANDARDS

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 86-257	Labor-Management Reporting and Disclosure Act of 1959, as amended.	29 U.S.C. 401			N/A
PUB. L. 95-454	Civil Service Reform Act of 1978 Urban Mass	5 U.S.C. 7101			N/A
PUB. L. 88-365 PUB. L. 102-240	Transportation Act of 1964, as amended. Rail Passenger Service Act of 1970 as amended.	49 U.S.C. 533 (b) 45 U.S.C. 501 et seq.			N/A
PUB. L. 91-518	Postal Reorganization Act of 1970.	39 U.S.C. 101			N/A
PUB. L. 96-465	Foreign Service Act of 1980. Congressional	22 U.S.C. 3901			N/A
PUB. L. 104-1	Accountability Act of 1995.	2 U.S.C. 1301			N/A

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2010					
Base Appropriation...1/	\$40,557	\$40,557	\$40,557	\$41,319	269
2011					
Base Appropriation	\$45,181		\$41,367	\$40,476	247
2012					
Base Appropriation	\$41,367			\$41,289	230
2013					
Base Appropriation...2/	\$41,771			\$39,129	228
2014					
Base Appropriation...3/	\$46,891			\$39,129	218
2015					
Base Appropriation	\$41,236			\$39,129	215
2016					
Base Appropriation	\$46,981	\$36,000	\$42,000	\$40,593	209
2017					
Base Appropriation	\$45,691			\$38,187	196
2018					
Base Appropriation...4/	\$46,634	\$41,129		\$40,187	189
2019					
Base Appropriation...5/	\$46,634		\$40,187	\$41,187	236
2020					
Base Appropriation	\$49,134				215

1/ FY 2009 and FY 2010 reflect amounts reallocated from the dissolution of ESA's Program Direction Support.

2/ FY 2013 reflect a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

3/ FY 2014 reflect the Appropriations amount passed as part of P.L. 113-76, which did not include any rescissions.

4/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

5/ This bill was passed by the Senate. It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

# OFFICE OF LABOR-MANAGEMENT STANDARDS

## OVERVIEW

### Introduction

The Office of Labor-Management Standards (OLMS) administers the Labor-Management Reporting and Disclosure Act (LMRDA) and related laws. These laws promote financial integrity by imposing protections on labor union assets, transparency by requiring public disclosure reporting by unions, union officials, employers, labor consultants, and others, and democracy by establishing standards for conducting union officer elections. As an enforcement agency, OLMS supports DOL Strategic Goal 2 – Promote Safe Jobs and Fair Workplaces for All Americans through its efforts under Strategic Objective 2.7 – Promote Union Financial Integrity, Transparency and Democracy,

OLMS also administers employee protections under various federally sponsored transportation programs that require protective arrangements for transit employees. These arrangements must be approved by OLMS before federal funds may be released to grantees.

OLMS focuses on improving program effectiveness and efficiency in support of the agency's three priority performance goals:

1) Increase the percentage of compliance audits that lead to criminal investigations:

The OLMS Compliance Audit Program (CAP) is designed to detect embezzlements and other criminal and civil violations of the LMRDA in labor organizations, using specialized auditing, investigating, and report writing techniques. In FY 2009, OLMS established a goal to increase the rate at which audits of labor unions result in the opening of a criminal investigation (the “fallout” rate). This increase is accomplished by identifying and prioritizing audits of unions which have indications that fraud or embezzlement might have occurred. The program has two complementary goals: 1) protect union members' financial assets through criminal investigations for fraud and embezzlement; and 2) educate union officials on LMRDA requirements regarding financial bookkeeping and reporting. Better audit targeting helps prevent enforcement and audit activities from imposing undue burden on unions that are in compliance with the LMRDA and makes the best use of government resources. OLMS seeks to identify at-risk unions by making better use of information reported to OLMS on union financial reports and other historical data as well as intelligence from union members, other law enforcement agencies, etc. OLMS will continue to evaluate union financial reporting data and internal data to increase the fallout rate over time.

2) Increase the percentage of required reports filed electronically:

Unions must file annual financial reports (Forms LM-2, LM-3, LM-4, or simplified filings) with OLMS. Unions must also file trusteeship reports (Forms LM-15, LM-16) when supervision is established over a subordinate body. Other entities and persons – employers (Form LM-10), labor relations consultants (Forms LM-20, LM-21), union officers and employees (Form LM-30), and surety companies (Form S-1) – are also required to file reports under certain circumstances. Regulations require unions to submit their annual

## OFFICE OF LABOR-MANAGEMENT STANDARDS

financial reports electronically. The direct benefits of electronic filing include ease of filing, increased transparency, and cost savings both to filers and the government. This effort is in line with the President's Management Agenda (PMA) Cross-Agency Priority Goal 4 (CAP Goal 1): Improving Customer Experience with Federal Services. CAP Goal 4 calls for Federal agencies to improve digital services and modernize the customer experience. In addition, electronic filing supports CAP Goal 2 Data Accountability and Transparency, which directs agencies to develop policies and procedures that enable stakeholders to effectively and efficiently access and use data assets by: 1) improving dissemination, making data available more quickly and in usable formats; 2) maximizing the amount of non-sensitive data shared with the public; and, 3) leveraging best practices and new technologies to increase access to sensitive or restricted data while protecting the privacy, security and confidentiality, and interests of data providers.

Between FY 2011 and FY 2016, OLMS implemented an updated electronic filing system for Forms LM-2, LM-3, and LM-4, and incorporated Form LM-30 filers to this new system, ensuring that the majority of filers have access to electronic filing via this new system. A regulatory change that became effective for filings submitted in 2018, made electronic filing mandatory for all Form LM-3 and LM-4 filers, joining Form LM-2 filers that already had been required to submit their reports electronically. OLMS will continue promoting the use of the electronic filing system through compliance assistance and other activities.

### 3) Reduce the number of elapsed days for investigating union election complaints:

The LMRDA requires that labor unions holding elections of their officers: use a secret ballot, provide their members a reasonable opportunity to nominate candidates and vote, mail notice of elections to members, and establish other safeguards to ensure a fair election. The LMRDA also gives union members who believe these election standards have been violated the right to file a complaint with the Secretary of Labor. OLMS is responsible for investigating these complaints and taking appropriate enforcement action, including bringing a lawsuit in U.S. district court, if warranted. Election case lawsuits brought under the LMRDA must be filed within 60 days of receipt of a complaint, unless the labor union agrees to a waiver of the filing deadline. To meet this statutory deadline, OLMS continuously identifies efficiencies in the case processing system to better predict and reduce the incidence of waivers.

### **Program Increase**

OLMS' FY 2020 request of \$4,212,000 and 29 FTE will restore core enforcement programs to better protect union financial integrity and democracy and to bring the International Union Compliance Audit Program (I-CAP) into full operation.

With this increase, OLMS' ability to pursue program improvements that deliver more effective and efficient protection of union financial assets will be greatly enhanced as follows:

- Audit, for the first time since 2010, national and international labor unions to detect embezzlements, as well as ensure and promote compliance with the LMRDA. Once the

## OFFICE OF LABOR-MANAGEMENT STANDARDS

program is fully staffed and functioning (i.e., within one year of receipt of requested funding), OLMS estimates that it will be able to complete 10 I-CAP audits annually.

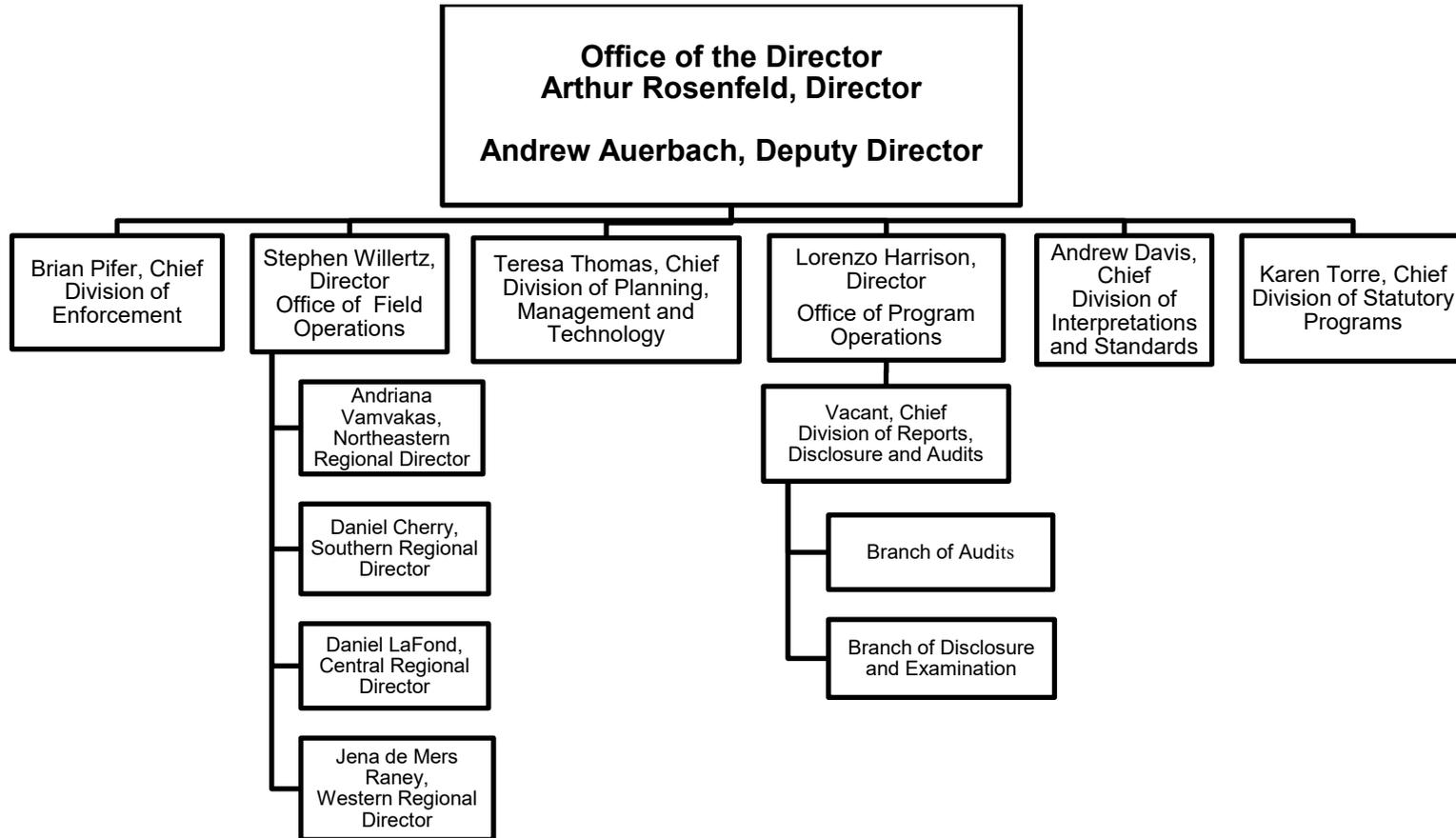
- Conduct 400 compliance audits of local and intermediary unions to uncover violations of the LMRDA and complete 315 criminal investigations annually.
- Leverage compliance assistance resources to achieve 15,000 participant compliance assistance hours to: 1) ensure new participants to the e-filing system submit their forms in a correct and timely manner, 2) help unions with election procedures, and 3) provide assistance with bonding requirements.
- Increase the utility, and expand the scope, of the Voluntary Compliance Partnership (VCP) program, through which OLMS partners with a number of international and national unions to improve compliance with the LMRDA among their local affiliates. This voluntary program uses data to help the VCP partner organizations direct their compliance efforts to those subordinate unions that are most out of compliance with the LMRDA. By securing the voluntary assistance of union leadership, this program reduces the work demands on OLMS employees so that limited resources can be targeted to other priorities. The VCP is mostly staffed by field investigators therefore the additional funds will enable OLMS to expand its compliance assistance efforts.
- Improve OLMS provision of public disclosure and other information by analyzing customer feedback of its website to identify ways in which the agency can improve services for stakeholders and the public.

OLMS' request also includes \$2,500,000 for IT Modernization efforts which will be managed in conjunction with the Office of the Chief Information Officer (OCIO). This funding will allow the start of a three year strategy to modernize the mission critical Electronic Labor Organization Reporting System, (e.LORS) which still operates using client server technology that is more than 20 years old and cannot be migrated to the cloud.

With modernization funding, OLMS will develop a replacement system for e.LORS that improves on existing business functionality and adds new capabilities for manual business processes not yet incorporated into e.LORS. The new system will implement the latest advances in cybersecurity technology for drastically improved application security, and leverage cloud best practices. A modernized e.LORS will provide employees and the public with system capabilities currently unavailable such as data analytics to mine data to identify reporting trends and predict areas needing improvement, provide access to decades of labor-related data via internet-based services to increase the public's perception of data transparency, improve online navigation and data searches to be faster and more intuitive to users, optimize the sharing of non-sensitive data with APIs for easier public consumption, and evolve e.LORS in step with advancements to the underlying DOL technological environment.

The e.LORS system, with its sub-modules, is the primary system used by a nationwide staff of investigators, managers, policy analysts, auditors and administrative employees to implement and enforce compliance with the LMRDA. It is the Federal government's authoritative repository of labor union financial and other LMRDA required filings and comprises three primary functions: electronic filing and storage of union and labor-management data; electronic public disclosure of those filings via the OLMS Website; and investigation and audit case management.

# OFFICE OF LABOR-MANAGEMENT STANDARDS



## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2018 Enacted</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Request</b>	<b>Diff. FY20 Request / FY19 Enacted</b>
<b>Activity Appropriation</b>	<b>41,392</b>	<b>42,422</b>	<b>49,134</b>	<b>6,712</b>
FTE	190	186	215	29

NOTE: FY 2018 reflects actual FTE. Authorized FTE for FY 2018 was 189.

### **Introduction**

The Office of Labor-Management Standards is tasked with upholding the Labor-Management Reporting and Disclosure Act (LMRDA). The investigation of labor union funds embezzlement is a major OLMS enforcement activity. OLMS also conducts audits of local or intermediate unions under the Compliance Audit Program to detect possible union fund embezzlements, determine overall compliance with the LMRDA, and provide compliance assistance to union officials. Embezzlement investigations are opened when OLMS obtains credible information indicating fraud or misappropriation of union funds either through an audit or other information.

OLMS provides workers with ready access to essential information about their labor union’s financial conditions, operations, activities, and their union officers and employees. Labor unions covered by the LMRDA and related laws must file annual financial reports with OLMS. Other reports must be filed by union officers, union employees, employers, labor consultants, and surety companies. OLMS operates an electronic filing system for LMRDA reports and an Internet-based public disclosure system that provides public access to information from filed reports. Timely and accurate reporting allows workers to monitor the financial operations of their union, ensures that a union’s governance is democratic, and that union assets are used solely for the benefit of the members. Failure to operate democratically and with financial integrity can lead to flawed officer elections and fraud or embezzlement.

The investigation of labor union officer elections is another major OLMS enforcement activity. OLMS opens an investigation of union officer elections on receipt of a complaint from a member alleging that an election was flawed or undemocratic. At the conclusion of the investigation, OLMS may need to supervise a rerun of the subject election.

Additionally, OLMS has the responsibility under the Federal Transit Act to certify that labor protections are in place prior to the approval of Federal transit grants. A transit agency receiving Federal mass transit funds must protect all covered mass transit employees affected by the use of the Federal money. The law specifies that “fair and equitable” arrangements must be in place that provide for the preservation of rights and benefits of employees under existing collective bargaining agreements, continuation of collective bargaining rights, protection of individual employees against a worsening of their positions in relation to their employment, assurances of employment to employees of acquired transit systems, priority of reemployment, and paid training or retraining programs. OLMS must approve the arrangements made to protect these employees.

# OFFICE OF LABOR-MANAGEMENT STANDARDS

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2015	\$39,129	215
2016	\$40,593	209
2017	\$38,187	196
2018	\$40,187	189
2019	\$41,187	236

## FY 2020

The FY 2020 budget request includes \$4,212,000 and 29 FTE to restore OLMS' core enforcement program, which has been greatly reduced over the past 10 years, and conduct International Compliance Audit Program (I-CAP) audits of national and international unions. These important audits safeguard union members' assets held at the international and national level of union governance by detecting embezzlements and other criminal and civil violations. It is important to identify these violations, because the international/national unions oversee local unions and intermediary bodies and they have substantial power over these subordinate bodies. There are approximately 105 international and national unions that control over \$10 billion in assets. The financial environment of international and national unions is far more complex than that of local and intermediate body unions because of the significantly higher level of assets, receipts, disbursements, etc. Therefore, these audits are more labor intensive than audits of local and intermediate body unions. From FY 2004 through FY 2010, OLMS completed 35 complex I-CAP audits, conducting approximately seven each year with a contingent of approximately 12 FTE. These audits uncovered 304 reporting violations, 109 recordkeeping violations, 126 internal control weaknesses, and 22 bonding violations. They also uncovered criminal violations resulting in three criminal indictments and three criminal convictions.

Beginning in FY 2008, decreased appropriations and increased operating expenses caused OLMS to lose a third of its FTE and curtail its core enforcement activities and discontinue conducting I-CAPs since FY 2010. This greatly reduced its enforcement presence and has left unions vulnerable to fraud, embezzlement, a lack of transparency, and reduced levels of democracy. For example, in 2007, OLMS conducted over 400 criminal investigations, obtained 100 indictments and 118 convictions. In 2018, OLMS conducted 223 criminal investigations and obtained 73 indictments and 72 convictions. The reduction in cases processed was due strictly to a reduction in the number of investigators and not in a reduction of cases per investigator. In fact, OLMS investigators are, today, more efficient in cases-per-investigator than they were in 2007. OLMS will re-establish its presence by increasing its investigative staff, increasing training, and properly equipping its investigative workforce. Restoring the enforcement program through these additional resources will better position OLMS to fulfill its statutory purpose: ensuring union dues are used for the benefit of the members, financial operations and activities are transparent, and labor union officers are elected under fair and democratic procedures by conducting 400 audits, 315 criminal investigations, and raising the number of indictments and convictions achieved annually.

## OFFICE OF LABOR-MANAGEMENT STANDARDS

In addition, OLMS is requesting \$2,500,000 to support the Department's Worker Protection Agencies' IT Modernization efforts. In total, the Department is requesting \$20,000,000 for this initiative with resources requested in the following appropriations: Employee Benefits Security Administration, Office of Workers' Compensation Programs, Office of Federal Contract Compliance Programs, Office of Labor-Management Standards, Wage and Hour Division, Occupational Safety and Health Administration, Mine Safety and Health Administration, and the Office of the Solicitor in the Departmental Management appropriation. These resources will be managed by OCIO on behalf of the worker protection agencies and OCIO will work in collaboration with the worker protection agencies to determine the specific funding requirements and where funding can best support the Department's IT modernization efforts.

With these resources and this transfer authority, OLMS will develop a modern cloud-based replacement system that retains and improves on the existing business functionality in a cloud capable format. OLMS efforts will support the President's Management Agenda Cross Agency Priority Goal 1 – Modernize IT to Increase Productivity and Security. The goal asks agencies to “build and maintain more modern, secure, and resilient IT to enhance mission delivery and productivity, driving value by increasing efficiencies of Government IT spending while potentially reducing costs, increasing efficiencies, and enhancing citizen engagement and satisfaction.” The modern e.LORS will leverage current and planned enhancements to the DOL IT infrastructure, implement cutting edge cybersecurity, and improve e.LORS system capabilities. The modernization effort will include review of current business practices and take advantage of new technology to gain efficiencies in case management and investigative and auditing techniques. It will also provide employees and the public with modern data analytical technologies and improve the internal and external IT customer experience. This funding will allow OLMS to enhance data search and data analytics capabilities to maximize the data made available to the public. For instance, data sharing using APIs is currently not available from e.LORS, but a new system with API capability will provide value to the public and other stakeholders to present the data in ways of their choosing to share or analyze and not be overwhelmed by the unformatted data dumps provided by the existing system. More accessible and user friendly search capabilities will enhance data transparency.

OLMS will continue to certify that labor protections are in place prior to approving Federal transit grants under the Federal Transit Act.

### **FY 2019**

At the revised funding level of \$42,422,000, OLMS will maintain its core enforcement and administrative functions under the LMRDA and ensure employee protections under the Federal Transit Act. OLMS will focus on its three priority programs to promote union financial integrity, financial transparency, and democracy. In support of these programs, OLMS will reduce the number of elapsed days for investigating union election complaints to 69 days; increase the percentage of compliance audits that lead to criminal investigations to 16 percent; and increase the percentage of required reports filed electronically to 70 percent. OLMS will also continue to conduct union audits under the Compliance Audit Program to determine overall compliance with the LMRDA.

## OFFICE OF LABOR-MANAGEMENT STANDARDS

OLMS will continue to certify that labor protections are in place prior to approving Federal transit grants under the Federal Transit Act.

### **FY 2018**

At the revised funding level of \$41,392,000, OLMS maintained its core functions of administering the LMRDA and ensuring employee protections under the Federal Transit Act. OLMS focused on its three priority programs to promote union financial integrity, financial transparency, and democracy. In support of these programs, OLMS reduced the number of elapsed days for investigating union election complaints to 68.8 days; increased the percentage of compliance audits that lead to criminal investigations to 20 percent; and increased the percentage of required reports filed electronically to 76.5 percent. OLMS continued to conduct union audits under the Compliance Audit Program to determine overall compliance with the LMRDA.

OLMS will continue to certify that labor protections are in place prior to approving Federal transit grants under the Federal Transit Act.

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>FY 2018 Enacted</b>		<b>FY 2019 Enacted</b>	<b>FY 2020 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Office of Labor-Management Standards</b>					
<b>Strategic Goal 2 - Promote Safe Jobs and Fair Workplaces for All Americans</b>					
<b>Strategic Objective OLMS 2.7 - Promote union financial integrity, transparency, and democracy.</b>					
<b>OLMS-DEM-01</b>	<b>Average number of days to resolve union officer election complaints</b>	<b>70.0</b>	<b>68.8</b>	<b>69.0</b>	<b>68.0</b>
<b>OLMS-RPD-05</b>	<b>Percent of disclosure reports filed electronically</b>	<b>60.0%</b>	<b>76.5%</b>	<b>70.0%</b>	<b>75.0%</b>
OLMS-RPD-03	Number of LM-10 and LM-20 reports filed on employer-consultant persuader agreements	1,000[p]	831	1,010[p]	1,020[p]
OLMS-RPD-06	Number of chronically delinquent filers of labor organization financial reports	1,270	858	1,170	1,070
OLMS-RPD-Workload-01	Reports Processed	28,000[p]	--	28,000	28,000
OLMS-FI-02	Compliance Audits	204	215	360	400
OLMS-FI-01	Criminal Investigations	221	223	300	315
OLMS-MISC-05-WL	Number of Voluntary Compliance Partnership Agreements in effect	40	43	40	40
OLMS-MISC-04	Customer satisfaction score for OLMS web site users	65[p]	56	65[p]	65[p]
OLMS-MISC-03	Participant Hours of Compliance Assistance provided	12,000.00	16,968.00	15,000.00	15,000.00
OLMS-DEM-02	Election Investigations	107[p]	128	107[p]	107[p]
OLMS-FI-03	Percent of targeted audits that result in a criminal case	15.75%	20.00%	16.00%	16.25%

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# OFFICE OF LABOR-MANAGEMENT STANDARDS

## Workload and Performance Summary

OLMS' two major enforcement activities are the investigation of: 1) union officer elections and 2) embezzlement of union funds. Supporting these two enforcement activities are the reporting and public disclosure requirements of the LMRDA. To increase overall compliance with the LMRDA and other regulations, OLMS provides compliance assistance information both in-person and online.

As one of its priority programs, OLMS promotes union financial integrity by enforcing the LMRDA requirement that union assets are used for the sole benefit of members. OLMS protects these assets by conducting targeted union compliance audits at all levels of the labor union hierarchy. OLMS uses data analytics to determine which unions are at higher risk for experiencing fraud or embezzlement based upon characteristics of the union gathered from both external and internal sources. The methodology allows OLMS to better direct resources such as investigator time to higher risk unions and reduces the time spent on audits that do not yield criminal cases. This also reduces the burden on unions who are in compliance by lessening the risk they will be subjected to audits that use union time and resources. Concrete results from this effort have resulted in more effective compliance audits overall. The FY 2020 Budget holds steady the FY 2019 restoration of the core enforcement program which will increase the number of unions audited by more than 76% over the FY 2018 target. In addition, the reach of the compliance assistance program will achieve 15,000 participant compliance assistance hours. This will enable OLMS to safeguard union assets more broadly and likely find more cases of fraud and embezzlement.

There are nearly 22,000 international/national, intermediate and local unions subject to the LMRDA. In FY 2020, the additional FTE provided in the FY 2019 request will enable OLMS to continue to have a greater physical presence in geographical areas that have been underserved, thus creating a greater deterrent effect and enhancing our ability to provide better outreach and compliance assistance. For example, the Detroit office undertakes a substantial number of cases each year, many of them high profile. By adequately staffing offices such as Detroit, OLMS is able to use resources not only more effectively, but in a more high profile manner which can act as a deterrent. The end result will be greater transparency through more accurate and timely reporting of union finances, an increase in the detection and deterrence of embezzlement, and an increase in union member and officers' understanding of the requirements of the LMRDA. Once the program is fully staffed and functioning, OLMS estimates that it will be able to complete 10 I-CAP audits annually.

OLMS administers LMRDA's union financial transparency requirements by receiving and then disclosing union financial reports. OLMS encourages electronic filing of required reports through regulatory changes, and outreach and compliance assistance. The electronic filing system checks reports for errors prior to submission thus increasing the quality of the filing and reducing mailing costs. Electronic filing also allows almost instant online access to electronically filed reports. Over time, OLMS can expect increased savings as electronically filed reports reduce storage and personnel costs associated with maintaining physical files. Savings will also result from reduced personnel costs involved in manual processing of paper reports. OLMS expects to continue to see increased use of the current electronic filing system.

## **OFFICE OF LABOR-MANAGEMENT STANDARDS**

OLMS will promote free and fair democratic union elections. The agency will achieve reductions in the number of elapsed days required to resolve election case complaints by increasing the use of investigative teams. In addition, OLMS will coordinate with the Office of the Solicitor early in the life of election cases to reduce the number of elapsed days.

With respect to the I-CAP program, OLMS will collect and analyze data over FY 2019 to devise measures and set baselines against which success can be measured in FY 2020 and beyond.

## OFFICE OF LABOR-MANAGEMENT STANDARDS

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2018 Enacted</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Request</b>	<b>Diff. FY20 Request / FY19 Enacted</b>
11.1	Full-time permanent	19,973	20,358	23,537	3,179
11.3	Other than full-time permanent	58	59	59	0
11.5	Other personnel compensation	437	793	793	0
11.9	<b>Total personnel compensation</b>	<b>20,468</b>	<b>21,210</b>	<b>24,389</b>	<b>3,179</b>
12.1	Civilian personnel benefits	7,519	7,815	8,943	1,128
13.0	Benefits for former personnel	3	0	0	0
21.0	Travel and transportation of persons	822	1,031	944	-87
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,695	2,700	2,700	0
23.2	Rental payments to others	23	20	20	0
23.3	Communications, utilities, and miscellaneous charges	201	242	242	0
24.0	Printing and reproduction	16	45	45	0
25.1	Advisory and assistance services	0	0	2,500	2,500
25.2	Other services from non-Federal sources	703	455	455	0
25.3	Other goods and services from Federal sources 1/	6,440	6,954	6,948	-6
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	2,367	1,829	1,829	0
26.0	Supplies and materials	80	36	34	-2
31.0	Equipment	55	85	85	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>41,392</b>	<b>42,422</b>	<b>49,134</b>	<b>6,712</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	6,072	6,573	6,567	-6
	DHS Services	270	280	280	0
	GSA Services	42	14	14	0
	Services by Other Government Departments	53	87	87	0

# OFFICE OF LABOR-MANAGEMENT STANDARDS

## CHANGES IN FY 2020

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day more of pay	104
Federal Employees' Compensation Act (FECA)	-9
Benefits for former personnel	0
Travel and transportation of persons	-87
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	-6
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	-2
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$6,712**

**Direct FTE** **29**

	Estimate	FTE
<b>Base</b>	<b>\$42,422</b>	<b>186</b>
<b>Program Increase</b>	<b>\$6,712</b>	<b>29</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>