



May 2, 2019

The Honorable R. Alexander Acosta
Secretary
Department of Labor
200 Constitution Avenue, NW
Washington, D.C. 20210

Dear Secretary Acosta:

As free-market and conservative organizations concerned with protecting worker free choice and ensuring labor union officials are accountable to members, we urge the Department of Labor (DOL) to restore the “Labor Organization Annual Financial Reports: Coverage of Intermediate Bodies” rule. The rule extends the coverage of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) to certain state and regional unions that represent only public employees and are a subordinate to an international or national labor union.

The George W. Bush administration promulgated this rule in 2003, and courts have since ruled that the Labor Department has authority to implement it. The DOL could reinstate the Bush administration’s 2003 interpretation of the LMRDA that intermediate unions, which are wholly composed of public sector members, are covered under the statute. This policy interpretation is backed up by a 2007 policy statement that provided analysis on the need and legislative authority for the rule. In 2008, the United States District Court for the District of Columbia issued a decision holding the DOL’s policy statement adequately explained and justified the agency’s interpretation of the LMRDA.

The rule clearly advances the intent of Congress, which passed the underlying statute with broad bi-partisan support to address widespread union corruption. Congress intended the coverage of the LMRDA to be applied broadly in order to promote union democracy and union financial integrity. In addition, labor unions have significantly changed how they are organized and run since 1959. Few small and independent unions exist today, and intermediate unions are interconnected with national and international unions which have the power to charter, affiliate, disaffiliate, or even put these intermediate bodies under trusteeship.

The Labor Department should now begin the process of promulgating the intermediate bodies rule to ensure a greater number of workers can easily assess whether union leadership spends dues payments prudently and in way that represents worker interests. Increasing union financial disclosure appears to be a regulatory priority of the DOL, with the intermediate bodies rule listed in each edition of the Unified Regulatory Agenda since the spring of 2017.

Under the intermediate bodies rule, state and regional unions representing public employees are required to file union financial disclosure Form LM-2 with the Labor Department. These forms provide union members with information on union “assets, liabilities, receipts, salaries, loans to officers, employees, members or businesses and other disbursements.” Expanding the coverage of the LMRDA allows a private sector local union member to better track disbursements from a national labor union to its state intermediate unions.

Congress was wise to apply the provisions of the LMRDA broadly, because federal and state law lavish unions with monopoly power and other privileges. As such, much of labor unions authority stems from government, not voluntary support of workers. And since union members are the real owners of union finances and property, they should be entitled to an accounting of how union leadership spends their funds. Further, providing union members and the public with annual and detailed recording of union financial transactions can help curb embezzlement by union officers and help union members choose leaders who are fiscally responsible.

The below-signed organizations respectfully submit that the DOL promulgate the intermediate bodies rule to better advance the purposes of the LMRDA.

Sincerely,

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