

a combination of Schedules. The comments reflected little or no support for aggregation among the Schedules. Although virtually all disbursements are significant, cross-Schedule aggregation would perceptibly increase the burden on unions, as it would require an additional modification to the union's accounting programs or procedures, and would require internal accounting reports to be generated for all payees under all Schedules, rather than permitting more focused inquiries on a Schedule-by-Schedule basis. As noted elsewhere, the Department believes that the \$5,000 threshold strikes a balance between the benefits of transparent financial disclosure and the burdens caused by detailed reporting. The most effective means of preserving this compromise in the context of categorical reporting is to apply the threshold to each individual Schedule. Further, each Schedule reflects the distinctiveness of the disbursements in that particular category. If disbursements to an entity or individual in a particular category are minor as measured by the threshold for reporting, then the union should not have to itemize those disbursements (and all other categories of disbursements) simply because dissimilar disbursements in another category are comparatively more substantial and do meet the threshold. Disbursements to an entity or individual must therefore reach the threshold for each Schedule before a union must itemize the disbursements attributable to that specific category. Meeting the threshold for any one Schedule will have no effect on the obligation to itemize disbursements for any other Schedule. This approach not only reduces the overall reporting burden, but also preserves the distinction among the various categories of disbursements established by the Schedules.

The Form LM-2 requires the union to provide the following information for each itemized disbursement in Schedules 15-19: The recipient's name and address; the recipient's business or job classification; the purpose or reason for making the disbursement; the date on which the union made the disbursement; and the disbursement's amount. The Department received numerous comments objecting to reporting this information. A few comments expressed specific concerns about the difficulty in tracking and recording all of the required information for credit cards, e.g., the date of payment (rather than charge), and the full name and address of the recipient. In this context, one union stated that the proposed treatment of credit cards,

which requires that each vendor paid with a credit card be treated as a separate disbursement, is an example of a new burden that the Department's analysis simply ignored. The union also noted that this recordkeeping requirement was far from a standard business practice. Although another union noted that the proposed changes in reporting expenses paid by credit card would vastly increase the number of individual transactions that must be entered, processed and reported, this union stated that it currently follows standard business practices and divides the charges that are paid with a credit card into separate accounting entries for each underlying type of expense and responsible department. The union also noted that any credit card charge that is required to be reported as a disbursement to an individual officer or employee (per the instructions for current Schedules 9 and 10) is coded so that information is available for the current Form LM-2 report. As noted by the preceding comment, unions are now required to break out credit card disbursements by category on the current form, rather than simply treating the payment as a transaction solely involving the creditor bank. To the extent any union may have misapprehended this requirement, the revised Form LM-2 makes this point explicitly.

Another union commented that many credit card transactions involve plane tickets or hotel bills and frequently have charges issued when a trip is booked and a credit issued if the trip is cancelled or changed and that the charges and credits may appear in different monthly statements—sometimes in amounts that are not exactly the same. The union stated that it is not clear from the proposed instructions if the Department intends that such charges and refunds be matched or reported separately. Such amounts must be tracked in the current and revised Form LM-2, as they constitute receipts and disbursements. The method by which these amounts should be tracked is set forth in the instructions. Otherwise, as the union itself noted, if the transactions are reported without any attempt to match them, anyone trying to read and understand the report will find it virtually impossible to calculate the amount of true expenses.

The Department recognizes that filers will not always have the same access to information regarding credit card payments as with other transactions. Filers should report all of the information required in the itemization schedules that is available to the union.

For instance, in the case of credit card transactions for which the union's receipts and monthly statements do not provide the full legal name of a payee and the union does not have possession of any other documents that would contain the information, the union should report the name as it appears on its receipts and statements. Similarly, if the union's credit card receipts and statements do not include a full street address, the union should report as much information as is available, but no less than the city and state. A labor organization may choose to report either the date of the charge or the date of the payment for a credit card transaction as long as the method of reporting is consistent throughout the form.

The Department has considered the comments that assert that an unreasonable burden will be incurred by the filers in recording each transaction in their recordkeeping systems, but is not persuaded by them. The burden is similar to the burden already imposed by the current Form LM-2 reporting requirements. The current Form LM-2 requires unions to track all credit card transactions to determine whether each transaction must be reported on one of the disbursement schedules or elsewhere in the report. The current form does not treat a payment to a credit card company as a single disbursement. For instance, a single payment to a credit card company may include amounts that must be reported in "Disbursements for Official Business" in column (F) of Schedule 9, "Other Disbursements" in column (G) of Schedule 9, and "Office and Administrative Expenses" on Schedule 13. This has always been a requirement. Many credit card companies have made it easier to track information regarding vendors for specific charges by allowing their customers to download the contents of monthly statements or individual transactions electronically via the Internet. Once these transactions have been incorporated into the union's record keeping system they can be treated like any other transaction for purposes of assigning a description and purpose.

C. Disbursement Schedules 14-19

1. Reporting by Functional Category

The Department received a large number of comments on its proposal to require unions to report their disbursements by defined categories based, in part, on a grouping of functional activities performed by a union, its officers, and employees. The Department proposed to include eight