

accounting software and computer hardware; installation, testing, and review of the Department's reporting software; changing accounting structures and developing, testing, reviewing, and documenting accounting software queries as well as designing query reports; training union officers and employees involved in bookkeeping and accounting functions; training union officers and employees to maintain information relating to transactions and estimating the amount of time they expend in prescribed categories; the actual recordkeeping of data under the revised procedures associated with itemizing receipts and disbursements and allocating them by functional categories; aging accounts receivable and accounts payable; allocating time for officers and employees by functional categories; preparing a download methodology to either submit electronic reports using "cut and paste" methods or the import/export technology allowing for a more automated transfer of data to the Department; the development, testing, and review of any translator software that may be required between a union's accounting software and Department's reporting software; obtaining digital signatures for the union officers; additional review by the president and secretary-treasurer; and completing a continuing hardship exemption request if necessary.

- Burden can be categorized as recurring or non-recurring, with the latter primarily associated with the initial implementation stages. Recordkeeping burden, as distinct from reporting burden, will predominate during the first months of implementation.

- Burden can be reasonably estimated to vary over time with the greatest burden in the initial year, decreasing in

later years as users gain experience. Estimates for each of the first three years and a three-year average will provide useful information to assess the burden. A weighted average provides a "snapshot" of the burden associated with the form for an individual reporting union.

- Burden can be usefully reported as an overall total for all filers in terms of hours and cost. This burden, for most purposes, can be differentiated for each individual form. The Federal burden cannot be reasonably estimated by form.

- The estimated burden associated with the current LM-forms is the appropriate baseline for estimating the burden and cost associated with the final rule.

#### c. Baseline Adjustments: Current Forms

After reviewing the public comments, the Department assumes that 5,038 local unions now take 200 hours and 141 national and international unions take 1,500 hours to collect and report their information on the current Form LM-2 for a weighted average of approximately 240.0 hours for each of the 5,179 respondents. In addition, the Department assumes that Form LM-2 filers take an average 24.0 hours for accounting, 16.0 hours for programming, 8.0 hours for legal review, and 4.0 hours for consulting assistance to complete the current form for an average total burden of 292.0 hours per respondent (see Table 2). Further, the Department estimates that 160.0 hours of the total is for recordkeeping burden and 132.0 hours is for reporting burden. The difference in the number of responses in Table 2 reflects that fewer unions filed LM-2's and LM-3's in 2002 than in 2001 according to OLMS e.LORS data.

The Department also estimates that 11,356 local unions will take an average

104.0 hours to collect and report their information on the current Form LM-3. In addition, the Department assumes that all Form LM-3 filers will take an average 8.0 hours for accounting and 4.0 hours for legal review to complete the current form for an average total burden of 116.0 hours per respondent (see Table 2). Further, the Department estimates that 64.0 hours of the total is for recordkeeping burden and 52.0 hours is for reporting burden. These estimates and assumptions are based on the similarity of the Form LM-3 and Form LM-2 recordkeeping and reporting requirements, as well as the relative differences in the size of the unions that complete the two forms.

The Department has also updated the average annual cost of complying with the current Form LM-2 and LM-3 recordkeeping and reporting requirements as follows: The average total cost per respondent is \$8,381 for the current Form LM-2 and \$3,277 for Form LM-3. These figures include estimates for consulting, accounting, legal, and programming costs and are weighted averages across all respondents and are based on total compensation rates not hourly wage rates. The total annual cost for all respondents is estimated to be \$43.4 million for Form LM-2 and \$37.2 million for Form LM-3 (see Table 2). It should be noted that although it may appear that the Department has applied inconsistent dollar costs per hour to the burden hour estimates, the dollar costs per hour naturally differ between forms because of the varying amounts of accountant time, bookkeeping time, and the time of the union secretary-treasurer and president associated with each form, which yield different weighted average costs per hour.