

d. New Form LM-2

To estimate the burden hours and costs for the revised Form LM-2 and the new Form T-1 the Department divided Form LM-2 filers into three groups or tiers, based on the amount of unions' annual receipts. In Tier 1, there are 1,574 unions with annual receipts from \$250,000 to \$499,999.99. The Department assumes that unions within this tier probably use some type of

commercial off-the-shelf accounting software program and will most likely use the "cut and paste" feature of the new reporting software (see Table 3). In Tier 2, there are 3,158 unions with annual receipts from \$500,000 to \$49.9 million. The Department assumes that unions within this tier most likely use some type of commercial off-the-shelf accounting software program and will use all of the electronic filing features of

the new reporting software. Finally, in Tier 3, there are the 46 unions with annual receipts of \$50.0 million or more. The Department assumes that unions within this tier most likely use some type of specialized accounting software program and also will use all of the electronic filing features of the new reporting software. Table 3 summarizes the Characteristics of Form LM-2 filers by annual receipts.

Table 3 - The Characteristics of Form LM-2 Filers by Annual Receipts

| Characteristic | Average Annual Receipts | | | Total |
|-----------------------------|---------------------------|----------------------------------|---------------------------|------------------|
| | \$250,000 to \$499,999 | \$500,000 to \$49.999 million | \$50.0 million or more | |
| Number of LM-2 Filers | 1,574 | 3,158 | 46 | 4,778 |
| Total Receipts | \$565,711,158 | \$8,719,227,392 | \$7,599,663,402 | \$16,884,601,951 |
| Average | \$359,410 | \$2,760,997 | \$165,210,074 | \$3,533,822 |
| Other Receipts | \$47,101,405 | \$768,857,540 | \$665,172,551 | \$1,481,131,496 |
| Percent of Total | 8.3% | 8.8% | 8.8% | 8.8% |
| Average | \$29,925 | \$243,463 | \$14,460,273 | \$309,990 |
| Disbursements | \$152,412,897 | \$2,072,856,566 | \$1,706,799,568 | \$3,932,069,031 |
| Percent of Total | 26.9% | 23.8% | 22.5% | 23.3% |
| Average | \$96,832 | \$656,383 | \$37,104,338 | \$822,953 |
| Accounts Receivable | \$3,868,013 | \$176,381,709 | \$332,880,993 | \$513,130,715 |
| Average | \$2,457 | \$55,852 | \$7,236,543 | \$107,394 |
| Accounts Payable | \$7,293,258 | \$144,695,215 | \$188,315,873 | \$340,304,346 |
| Average | \$4,634 | \$45,819 | \$4,093,823 | \$71,223 |
| Average Number of Officers | 8 | 19 | 44 | |
| Average Number of Employees | 1 | 7 | 297 | |

Source: U.S. Department of Labor, Employment Standards Administration,
Office of Labor Management Standards, 2002 e.LORS data.

For each of the three tiers, the Department estimated burden hours for the additional nonrecurring (first year) recordkeeping and reporting requirements, the additional recurring recordkeeping and reporting burden hours, and a three-year annual average for the additional nonrecurring and recurring burden hours.

The Department estimates that LM-2 filers will spend an average of nearly \$1,000 for computer hardware, hardware upgrades, accounting software, and software upgrades, and

14.6 hours to install and set up, or reconfigure the computer hardware and accounting software (these are weighted averages of \$1,500 for computer hardware and \$250 for accounting software across all LM-2 filers). Although many unions currently have the hardware and software that is necessary for the recordkeeping and reporting requirements of the final rule, data submitted by the AFL-CIO suggests that 21% of national and international unions and 33% of local unions would need to purchase and install new

computer hardware; 11% of national and international unions and 40% of local unions would need new software; and 51% of national and international unions and 35% of local unions would need to upgrade their software. An additional 12.5% of local unions do not use computers; however, the Department assumes that 86.4% (501) of these unions will no longer have to file the Form LM-2 because of the higher reporting threshold (\$250,000) for the form. For those unions without computers, the Department also