

estimated that it would take an average of 14.6 (nonrecurring) hours to install and/or upgrade the computer hardware and software. In addition, for all unions the Department estimated that it would take an average of 8.9 (nonrecurring) hours to install, test, and review the OLMS reporting software.

The Department estimates that it will take unions an average of 76.8 (nonrecurring) hours to change their accounting structures; develop, test, review, and document accounting software queries; design query reports; and train accounting personnel. Unions that use a fiscal year beginning on January 1 will need to spend less than half of these hours (32.5) making changes before January 1, 2004, in order to be ready to begin the recordkeeping necessary to be able to file the revised Form LM-2. Unions will have until 90 days following the end of their fiscal year to spend the remainder of these hours (44.3) making changes that will be necessary to actually populate the Form LM-2, which will be due, at the earliest, at the end of March 2005. These estimates are based on the Department's review of a variety of accounting software packages, its evaluation of the recordkeeping requirements of the current Form LM-2, and its review of the public comments. The Department relied upon the expertise of investigators with first-hand knowledge of union financial reporting, including the use of software, to determine which four commercial off-the-shelf software packages were most commonly used by unions to maintain their finances and prepare financial reports. Using these four common off-the-shelf software packages, Department investigators determined that it was possible to set up categories or accounts tailored to capture the information necessary to comply with the requirements of the rule. The software packages tested utilize a common processing format.

Many unions with commercial-off-the-shelf accounting software will take less time and other, typically larger, unions with specialized accounting systems may take more time. Further, the public comments suggest that many unions already have accounting systems that maintain at least some, if not all, of the required information for disbursements and other receipts. Therefore, as discussed above, the Department continues to believe that unions will have adequate time to conform their accounting systems to the revised forms before the start of the first reporting period for which they will be required to report on the new Form LM-2 (no earlier than January 1, 2004).

The Department estimates an average 30-minute reduction in burden for the changes to pages one and two and Statement B of the Form LM-2 (for all three tiers) for reporting three fewer yes/no questions and 5 fewer minutes for reporting three fewer receipt categories and two less disbursement category on Statement B. The burden reduction is less for Statement B because the information that is currently reported on four lines must be still be gathered for the revised form, but are added together and reported on just one line of the revised form.

The Department estimates no reduction or increase in burden for Tier 1 filers associated with the eight unchanged schedules on the revised Form LM-2. It is assumed that Tier 1 respondents will use the same features in the new software that are in the existing OLMS software to complete these schedules. However, for Tier 2 and Tier 3 filers the Department estimates a 50% decrease (12.5 hours or 1.6 hours per unchanged schedule) in reporting burden that results from moving from the current manual or "cut and paste" method on the existing form to an electronic data export capability for the unchanged schedules on the revised form.

The Department estimated the burden associated with the three Form LM-2 schedules that are being revised: investments, all officers and disbursements to officers, and disbursements to employees. Each has a nonrecurring burden for respondents to adapt to the revisions (e.g., new schedule reporting thresholds and additional detail) of 4.7, 15.6 and 7.8 hours, respectively. For the revised officer and employee schedules, the Department estimates an average of 60 minutes of training for each officer and employee and from 30 to 60 minutes per month and an additional 60 minutes per year for each officer and employee to estimate the amount of time spent on each of the functional categories on the schedule each month and then sum them for the entire year (as described in the preamble, the Department is only requiring officers and employees, as a general rule, to estimate their time to the nearest 10%). In calculating the average time union officers and employees will spend estimating their time, the Department assumed that the task will be more time consuming for officers and employees of larger unions. For example, while the Department assumed that officers and employees of the smallest Form LM-2 filers (Tier 1, with annual receipts of less than \$500,000) would spend 30 minutes a month during the year (approximately

seven minutes a week) and an hour at the end of the year, the Department assumed that officers of the largest Form LM-2 files (Tier 3, with annual receipts of \$50 million or more) will spend 60 minutes a month during the year (approximately 14 minutes a week) and an hour at the end of the year.

It is also assumed that Tier 1 respondents will use the same features in the new software that are in the existing OLMS software to complete the officer and employee schedules, and that it will take them an average of 2.0 additional hours to complete each schedule in addition to the average of 6.0 hours to complete the officer schedule and 10.0 hours to complete the existing schedules. However, for Tier 2 and Tier 3 filers, the Department estimates an additional 6 hours to export and transmit data for the officer and employee schedules (3 hours for each schedule) and a 25% decrease in reporting burden that results from moving from the current manual or "cut and paste" method on the existing form to an electronic data export capability on the revised form. No additional recordkeeping burden is estimated for the officer and employee disbursement schedules because the Department is not requiring unions to maintain detailed time records.

For the two new schedules for accounts receivable and accounts payable, the Department estimates that on average unions will take 4.9 additional hours (of nonrecurring burden) to develop, test, review, and document accounting software queries; design query reports; prepare a download methodology; and train personnel.

The Department also estimates that on average unions will take an additional (recurring) 0.8 hours of recordkeeping burden to age their accounts receivable and accounts payable, and an additional 1.4 (recurring) hours to prepare the new schedules. OLMS e.LORS data and the public comments suggest that many Form LM-2 filers with receipts of less than \$50 million (99% of all filers) have few or no accounts receivable or accounts payable that meet the threshold for the relevant schedule and that 50% of the national and international unions already maintain accounts receivable and accounts payable in the format required by the final rule. Therefore, the Department has included a relatively small amount of additional recordkeeping and reporting burden hours associated with these schedules.

For the new "other receipts" schedule, the Department estimates that on average unions will take 10.3