



News Release

ABC AND MEMBERS OF CONGRESS TAKE LABOR DEPARTMENT TO TASK OVER UNION FINANCIAL DISCLOSURE RULE

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WASHINGTON, D.C. – Associated Builders and Contractors (ABC) today voiced strong opposition to efforts to delay, and potentially rescind, a final rule issued by the Bush Administration imposing additional financial reporting requirements on unions. ABC April 7 submitted comments explaining its position to the U.S. Department of Labor’s (DOL) Office of Labor-Management Standards (OLMS).

The final rule was published Jan. 21, 2009 and was scheduled to take effect Feb. 20, 2009. In January, White House Chief of Staff Rahm Emanuel issued a memorandum to all federal departments and agencies delaying implementation of many recently finalized regulations that were slated to go into effect early this year, including the LM-2 rule. In response, on Feb. 20, DOL announced it was delaying implementation of the rule until April 21 in order to verify that the final rule complied with the standards outlined in the memorandum. At the same time, DOL took the unusual step of reopening the rulemaking to solicit additional public comments. Subsequently, DOL announced a further delay of the final rule until Oct. 19 in order to solicit a second round of post-final rule comments.

It was this additional delay that generated the ire of ABC as well as Rep. John Kline (R-Minn.), ranking member of the Subcommittee on Health, Employment, Labor and Pensions, and Rep. Howard P. (Buck) McKeon (R-Calif.), ranking member of the House Education and Labor Committee, who jointly submitted a letter to DOL voicing support for the final rule and displeasure with DOL’s delay in the rule’s implementation.

The LM-2 rule was published in an effort by the previous administration to better implement the reporting requirements of the Labor Management Reporting and Disclosure Act (LMRDA). Congress saw the need to enact the LMRDA because of rampant corruption and undemocratic practices in several major unions. One provision of the law requires that unions submit financial disclosure forms annually to DOL.

In its comments, ABC submitted that “A close inspection of the final rule and of each of the [White House’s] standards make it quite clear that the final rule more than meets each of those standards and that there is simply no reason to further delay the Feb. 20, 2009 effective date previously announced, or to delay the need for unions to comply with the final rule’s reporting requirements.

“No matter how OLMS may try to justify its action, any further extension of the rule is tantamount to OLMS’ admission that its approach to this rulemaking has now become ‘we’ll continue to solicit comments from organized labor until we get a record that we like,’” ABC stated.

To further convince DOL to implement the rule and require unions to immediately begin complying, ABC reminded DOL of its enforcement statistics documenting that since 2001 DOL obtained more than 900 convictions for union financial improprieties and recovered more than \$91.5 million in restitution. ABC also provided DOL with a list of the many instances of union corruption reported for the first two months of 2009 by the National Legal and Policy Center.

In its concluding remarks ABC stated, “any decision to delay or rescind the rule will likewise have serious repercussions, not only to the credibility of OLMS, the Department of Labor, and to the Obama administration, but also to the President’s stated goals of promoting financial and governmental transparency, accountability and oversight.”

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