

**UNITED STATES DEPARTMENT OF LABOR  
OFFICE OF LABOR-MANAGEMENT STANDARDS**

**Filing Thresholds for Forms**

**LM-2, LM-3, and LM-4**

**RIN 1245-AA15**

**Labor Organization Annual Reports**

**COMMENTS OF THE AMERICAN FEDERATION OF LABOR AND  
CONGRESS OF INDUSTRIAL ORGANIZATIONS**

The American Federation of Labor and Congress of Industrial Unions (AFL-CIO) submits these comments in response to the proposal of the United States Department of Labor (“Department”)’s Office of Labor-Management Standards (“OLMS”) to increase the filing thresholds in 29 CFR 403.4(a) for the Forms LM-2, LM-3, and LM-4 Labor Organization Annual Reports.<sup>1</sup>

Specifically, OLMS proposes raising the threshold above which a labor organization must file the Form LM-2 from \$250,000 to \$450,000 in total annual receipts, raising the threshold above which a labor organization must file the Form LM-3 from \$10,000 to \$25,000, and allowing labor organizations with less than \$25,000 in total annual receipts to file Form LM-4.

For context, based on membership figures reported in last year’s LM filings, a union with \$250,000 in annual receipts had on average fewer than 500 members. A union with \$450,000 in annual receipts had on average approximately 900 members. Thus, even under the increased filing thresholds proposed by the Department, small unions with fewer than 1,000 members would still be required to file the Department’s most detailed and burdensome form.

The AFL-CIO supports the Department’s proposed rule as an improvement over the clearly outdated filing thresholds in the Department’s existing regulations. The AFL-CIO offers these comments to suggest additional improvements that the Department should adopt in the Final Rule and to provide additional information that supports updating the filing thresholds.

**I. While the Proposed Rule Appropriately Adjusts the Filing Thresholds to Account for Past Inflation, the Final Rule Should Also Automatically Index the Thresholds to Future Inflation**

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<sup>1</sup> 90 Fed. Reg. 28251 (July 1, 2025).

As the Department acknowledges, the thresholds for the filing of LM forms have not been raised in over 20 years.<sup>2</sup> Previously, 11 years passed between the 2003 adjustments and the previous adjustments in 1992.<sup>3</sup> In the intervening years, many labor organizations that the Department acknowledges should not have been required to file the more detailed and burdensome Forms LM-2 or LM-3 based on their inflation-adjusted annual receipts have nonetheless been required to do so because the filing thresholds remained unchanged.

The AFL-CIO supports the Department's proposal to adjust the filing thresholds to account for past inflation. However, unless the Final Rule also contains a provision that automatically adjusts the filing thresholds on a regular basis to account for inflation in the future, the thresholds will soon fall behind again, resulting in smaller labor organizations again having to file forms intended for larger filers.

The Department can easily solve this problem by annually updating the filing thresholds based on the Bureau of Labor Statistics' Consumer Price Index and announcing those updated filing thresholds in the Federal Register. Automatic indexing would have an obvious benefit to members of smaller unions by allowing their union officers and staff to focus efforts on their representational and collective bargaining roles rather than completing forms intended for larger filers. Automatic indexing would also save the Department both time and taxpayer dollars by removing the requirement for future rulemaking to update the thresholds.

The AFL-CIO thus proposes that the Final Rule add a new subsection to the proposed § 403.4 that states:

“(c) The United States Department of Labor annually shall, by notice published in the Federal Register, adjust the amounts of gross annual receipts stated in paragraphs (1) and (2) of this subsection to reflect inflation utilizing the Bureau of Labor Statistics' Consumer Price Index.”

In the alternative, if the Department does not agree to add automatic indexing for inflation to the rule, it should set the filing thresholds in the Final Rule at a higher level now in order to account for inflation during the period from the date the rule takes effect until the next rulemaking on this topic. If the Department decides to adopt this course, the AFL-CIO proposes that it increase the filing thresholds in the Final Rule to levels that account for inflation over an approximately five-year period, as follows:

- Increase the threshold above which a labor organization must file the Form LM-2 to \$575,000 in total annual receipts;

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<sup>2</sup> Id. at 28251.

<sup>3</sup> Id.

- Increase the threshold above which a labor organization must file the Form LM-3 to \$42,500; and
- Allow labor organizations with less than \$42,500 in total annual receipts to file Form LM-4.

As described in the section that follows, automatic indexing of the filing thresholds to inflation or, in the alternative, accounting for future inflation now by increasing the filing thresholds in the Final Rule, is especially necessary in light of the fact that previous revisions of the filing thresholds in 2003 did not account for the increased burden of completing the LM-2 Form the Department placed on filers at that time, especially small unions.

## **II. The Fact that Previous Filing Threshold Revisions Did Not Account for Changes to Form LM-2 that Made Completing the Form More Burdensome Strongly Supports the Department’s Proposal to Raise the Filing Thresholds**

The Department’s proposal to raise the filing thresholds is supported by the fact that the previous threshold revision in 2003 did not account for the additional burdens that revisions to the Form LM-2 in that year placed on filers as compared to the previous version of the Form. This is especially the case for the many small unions – including those with no more than 500 members – that are currently required to complete the Department’s most detailed and burdensome form under the current \$250,000 LM-2 filing threshold.

In 2003, the Department substantially expanded the scope of the LM-2 form, requiring itemization at a level well beyond what had been required before and imposing a significant new administrative burden on LM-2 filers.<sup>4</sup> Among the many changes were requiring LM-2 filers to individually itemize disbursements, receipts, and accounts previously reported by category, as well as requiring unions to report officer and employee taxes and payroll disbursements separately from gross salaries.<sup>5</sup>

As the proposed rule here acknowledges, in 2003, the Department concurrently increased the LM-2 filing threshold from \$200,000 to \$250,000 in order to “approximate an inflation adjustment.”<sup>6</sup> The 2003 revisions to Form LM-2, however, substantively increased the burdens on LM-2 filers such that, even accounting for inflation, unions were required to expend more time and money to complete the form. Professor John Logan, quoting a 2010 survey by leading labor economists, testified that, as a result of the 2003 changes:

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<sup>4</sup> 68 Fed. Reg. 58374 (Oct. 9, 2003).

<sup>5</sup> Id.

<sup>6</sup> 90 Fed. Reg. at 28251.

- 83% of unions responding reported that existing staff were required to spend more time on LM-2 compliance and less time on other duties to comply with the new requirements.
- 38% of unions responding reported that they had to significantly change their accounting practices in order to comply with the new LM-2 requirements.
- 29% of unions responding reported that the union had to hire consultants to comply with the new LM-2 requirements.
- 9% of unions responding reported hiring additional staff to comply with the new LM-2 requirements.<sup>7</sup>

The impact of these increased administrative burdens were especially severe for smaller unions. Yet, these increased burdens were not reflected in the 2003 rulemaking's threshold increase from \$200,000 to \$250,000, which still required many smaller unions to file the Form LM-2. Likewise, the Department does not acknowledge these increased administrative burdens in this rulemaking, in which once again the proposed threshold increase from \$250,000 to \$450,000 reflects only an adjustment for inflation.<sup>8</sup>

The net result is that a large number of labor organizations are today expending significantly more resources in preparing Form LM-2 than was the case between 1959 and 2003, even at inflation-adjusted levels, with an especially severe impact on smaller filers. To correct for this, it is vital that the Department both raise the filing thresholds to the levels in the proposed rule and automatically index those thresholds to inflation going forward in the manner proposed in the previous section. In the alternative, if the Department decides not to automatically index the thresholds to inflation, it is crucial that it increase the filing thresholds in the Final Rule to reflect the impact of future inflation on the thresholds during the period between when the Final Rule takes effect and the Department's next rulemaking on this topic.

### **III. The NPRM Likely Underestimates The Cost to Unions of Completing Form LMs, Again Strongly Supporting the Department's Proposal to Raise the Filing Thresholds**

The real burden on filers of completing the LM forms underlines the importance of the changes proposed by the Department as well as the further improvements to the rule proposed by the AFL-CIO in these comments.

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<sup>7</sup> John Logan, Professor and Director of Labor and Employment Studies, San Francisco State University: Testimony on Union Transparency and Accountability under the Bush and Obama OLMS, [https://edworkforce.house.gov/uploadedfiles/03.31.11\\_logan.pdf](https://edworkforce.house.gov/uploadedfiles/03.31.11_logan.pdf) (last visited July 30, 2025).

<sup>8</sup> 90 Fed. Reg. at 28251.

The Department estimates that it takes 530 hours to prepare Form LM-2 at an estimated hourly rate of \$52.98, and 103 hours to prepare form LM-3 at an average hourly rate of \$39.11.<sup>9</sup> Given that the Department estimates that 868 fewer unions will file Form LM-2 under the new proposed thresholds, OLMS estimates the annual savings for new LM-3 filers at \$14,495,573.96<sup>10</sup>, and estimates the savings for new LM-4 filers at \$7,340,161.08.<sup>11</sup> We believe that the Department is not giving sufficient credit to the impact of its proposed rule, and that the real cost-savings to filers will be substantially higher, thus underlining the importance of raising the filing thresholds.

The Department states that it bases its cost estimate for the average hourly rate on the average hourly rate of union officers.<sup>12</sup> However, the AFL-CIO routinely engages Certified Professional Accountants and other professionals to assist union staff members in preparing its LM-2 reports. Needless to say, the average hourly rate charged by these professionals is substantially higher than the average hourly rate of union officers estimated by the Department and often totals tens of thousands of dollars for services related to the preparation of an LM-2 for a national union. Based on the AFL-CIO's research, we understand that many national unions follow a similar practice to the AFL-CIO of using a combination of union staff and outside professionals to prepare their own Form LM-2s and incur roughly similar costs. The Department's estimate of the cost of preparing a Form LM-2 in the proposed rule does not account for these professional consulting fees at all, thus significantly underestimating the typical cost to unions of preparing such reports.

Importantly, based on its research, the AFL-CIO understands that not only do many national unions use outside professionals to help prepare their Form LM-2s, but many local unions that are required to file LM-2 reports do so as well, and typically must spend thousands of dollars for this outside professional assistance in preparing their reports, depending on the local union's size. Indeed, based on the AFL-CIO's research, we understand that a substantial number of even very small unions who are permitted to file Form LM-3 under the current filing thresholds utilize outside professionals to assist with the filing of these reports, again at a significant cost to these small entities. Clearly, the true cost to unions of preparing the LM reports exceeds what the Department has estimated in the proposed rule.

While the AFL-CIO itself, representing 15 million workers across 63 affiliated unions, will continue to file the Form LM-2 under the proposed rule, as it currently does, the rule will have an immediate and positive impact on the many smaller labor organizations throughout the nation who are currently required to expend a disproportionate share of their limited resources to

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<sup>9</sup> Id. at 28253.

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Id. at 28523 n. 5.

file the Department's most detailed and burdensome report. For these smaller filers, even the Department's low estimates of the cost of filing a Form LM-2 may constitute a substantial portion of their annual receipts.<sup>13</sup> Thus, the proposed rule will especially benefit these unions and their members, for whom a greater portion of their dues can now be utilized for member representation and collective bargaining. We strongly support the Department's effort to reduce administrative burdens on working people and their organizations in this way.

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The AFL-CIO appreciates the opportunity to submit these comments on the proposed rule.

Respectfully submitted,

/s/ Kyle Campbell

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<sup>13</sup> The Department estimates a total cost of \$26,648.94 per filer. See 90 Fed. Reg. at 28253. Even taking this estimate at face value, this constitutes over 10% of the total annual receipts of a labor organization receiving \$250,000 per year.