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January 18, 2018

The Honorable R. Alexander Acosta
 Secretary
 U.S. Department of Labor
 200 Constitution Avenue, NW
 Washington, DC 20210

Dear Secretary Acosta:

We are writing to you regarding a longstanding interest of the Committee on Education and the Workforce (Committee), namely the proliferation of opaquely financed, union-backed organizations known as "worker centers" over the past decade.¹ In the view of many stakeholders and interested parties, including members of our Committee, these so-called worker centers have become front groups controlled by big labor special interests and, under the previous administration, were largely allowed to operate outside of the legal requirements of the *Labor-Management Reporting and Disclosure Act* (LMRDA). Due to these concerns and recognizing that the Department of Labor (the Department) and the Office of Labor-Management Standards (OLMS) are now led by a different administration, we write to provide examples of such worker centers and to inquire about what action is now being taken by the Department to ensure these organizations are providing public transparency and complying with all relevant statutes.

The Committee has an established interest in policies related to worker centers and has sent multiple letters to the Department.² The Committee's most recent letter, sent in October 2016, inquired about four specific worker centers and their reporting requirements under the LMRDA. Then-Secretary Perez did not respond to this inquiry.

¹ Traditionally, "worker centers" are defined as "community-based and community-led organizations that engage in a combination of service, advocacy and organizing to provide support to low-wage workers." Janice Fine, *Workers Centers: Organizing Communities at the Edge of the Dream*, Econ. Pol'y Inst. (Dec. 13, 2005). Recently, however, they have expanded beyond their traditional role and in some cases are now dealing directly with employers. The exact number is unknown, further demonstrating the need for oversight by the Department, but industry analysts agree these groups have rapidly expanded in recent years.

² On July 23, 2013, the Committee wrote the Department and the Department responded on August 26, 2013. The Committee wrote to the Department again on September 19, 2013, and the Department responded on December 2, 2013. The Committee again wrote to the Department about worker centers on October 28, 2016.

Over the course of the George W. Bush administration, OLMS created an unprecedented level of union transparency and accountability for rank and file union members. These efforts included improved reporting and disclosure forms, more strictly enforced reporting requirements, a reduction in the time between union audits, and improved online access for union members' review. Despite these significant improvements, the Obama administration reversed this progress by rescinding many of the Bush administration's advancements and instead focused on creating burdensome requirements for employers, despite the LMRDA's stated goal of union transparency.³ It is our expectation that under your leadership the Department and OLMS will once again provide workers with appropriate information about the organizations that claim to represent them.

A major step in this regard would be to provide transparency on the financing of worker centers. Under section 3(i) of the LMRDA, a labor organization is defined as an "organization engaged in an industry affecting commerce and includes any organization of any kind, any agency, or employee representation committee, group, association or plan so engaged in which employees participate and which exists for the purposes in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours or other terms or conditions of employment." As such, worker centers unambiguously fall under the legal obligations and requirements of the LMRDA.

Under section 201(b) of the LMRDA, "every labor organization shall file annually with the Secretary [of Labor] a financial report signed by its president and treasurer or corresponding principal officers containing information in such detail as may be necessary to accurately disclose its financial condition and operations for its preceding fiscal year." Such reports are essential to the transparency and accountability of labor organizations, including worker centers.

In response to letters sent by the Committee in 2013, the Department noted that the *OUR Walmart* organization was considered to be a subsidiary of the United Food and Commercial Workers International Union (UFCW) and thus not required to file financial reports under the LMRDA. Since that time, *OUR Walmart* has split into two organizations; one appears to still have connections to the UFCW, while the other is entirely independent of the UFCW.⁴ Despite this change, to our knowledge neither organization has ever filed a report with OLMS.

Similarly, we note that while a Texas-based organization called the *Workers Defense Project* has reportedly dealt directly with construction companies on behalf of employees, it did not file a report with OLMS in 2016. Per the organization, it has entered into "agreements" with

³ Bush administration improvements that were rescinded by the Obama administration include enhanced LM-2 forms, more detailed LM-30 conflict of interest reports, and T-1 trust reports. Under the Obama administration, OLMS largely focused on expanding LM-10, LM-20, and LM-21 reporting requirements for employers and labor consultants while ignoring union transparency.

⁴ Nathan Layne and Lisa Baertlein, *Wal-Mart worker group splits in two; both sides vow to continue wage fight*, Yahoo News (Sept. 17, 2015). Available at <https://www.yahoo.com/news/wal-mart-worker-group-splits-two-both-sides-015155196.html?ref=gs>.

employers and has an active presence on job sites.⁵ Accordingly, the *Workers Defense Project* may have undertaken activity that would classify it as a labor organization under the LMRDA.

Another example of worker centers failing to report to OLMS is a Florida-based organization called the *Coalition of Immokalee Workers*. This organization publicly advertised participating in activities that might classify them as a labor organization for LMRDA purposes. In this case, the organization has claimed to engage in direct contact with employers on behalf of employees.⁶ Yet, the *Coalition of Immokalee Workers* did not file a report with OLMS in 2016.

We also are concerned about the apparent lack of transparency found in OLMS's Form LM-2 reports for two worker centers funded by the Service Employees International Union (SEIU). Specifically, the reports of the *Carolina Workers Organizing Committee* and the *Fast Food Workers Committee* raise questions about whether the right level of transparency and accountability are being applied to these two organizations.

The *Carolina Workers Organizing Committee* received more than \$2.2 million from SEIU in 2016 and paid nearly \$1.4 million for "for services" to an organization called *Action NC*. However, *Action NC* is a nonprofit advocacy organization that does not appear to offer any sort of professional or administrative services.⁷ This raises questions about whether this report provides meaningful and sufficient information about the *Carolina Workers Organizing Committee's* finances.

Additionally, the *Fast Food Workers Committee* received more than \$3.6 million from SEIU in 2016 and paid numerous organization "subsidies" for "expansion."⁸ One such group even references union organizing in its name: *Organize Now*. This group received approximately \$978,000 from the *Fast Food Workers Committee* in 2016. Yet, *Organize Now* and many of these other subsidized organizations did not file reports with OLMS in 2016. It would appear that the *Fast Food Workers Committee* is often used as a conduit for funds from the SEIU that are sent on to organizations not reporting to OLMS.

We appreciate that many, if not all, of these issues have arisen during the previous administration. However, we encourage you to take prompt action to bring transparency to America's workers. Specifically, we urge the Department to take the following actions: (1) establish an updated and modernized test for determining if a worker center is considered a labor organization under the LMRDA; (2) initiate investigations and enforcement against worker centers that are subject to reporting requirements under the LMRDA but do not file reports; (3) require increased clarity and transparency in the reports of worker centers that appear to be serving as improper go-betweens for international unions and non-reporting entities.

⁵ Achievements of the Workers Defense Project. Available at <http://www.workersdefense.org/about-us/achievements-2/>.

⁶ About CIW. Available at <http://www.ciw-online.org/about/>.

⁷ LM-2 of the Carolina Workers Organizing Committee, OLMS File No. 544-979 (Mar. 31, 2017).

⁸ LM-2 of the Fast Food Workers Committee, OLMS File No. 544-946 (Mar. 30, 2017).

The Honorable R. Alexander Acosta

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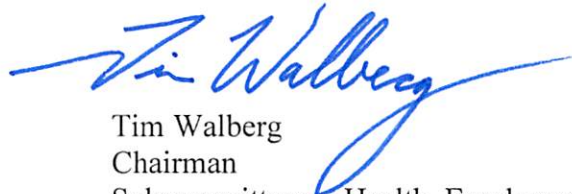
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We look forward to your prompt reply regarding your analysis of the viability of the actions suggested and plans to address the issues raised in this letter. We also look forward to working with you to take steps to assure that America's workers are fully informed about the labor organizations they encounter in the workplace.

Sincerely,



Virginia Foxx
Chairwoman



Tim Walberg
Chairman
Subcommittee on Health, Employment,
Labor, and Pensions