



**DO:** Organizer should open the session and show their screen with this slide at least 30 minutes before the start of the class.

**DO:** If there are a few people still missing at the start time, CLICK to show extended messaging regarding giving people a few more moments to join. Plan to give people a 3–5-minute grace period.

**(OPTIONAL) SAY:** Hello, we will give a few more people the opportunity to join us who may be having technical difficulties. Thank you for your patience, we will begin shortly.

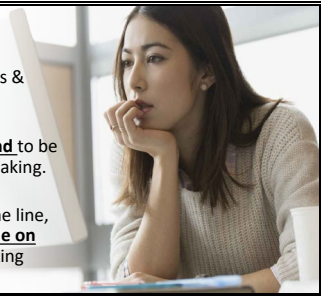
Topics on Today's Agenda

- AFGE Structure and Governance
- AFGE Constitution
- Your role as an AFGE Leader
- Legal Framework/Relevant Laws
- Fiduciary Responsibilities as a Leader

**DO:** READ SLIDE TO REVIEW WHAT TOPICS WILL BE COVERED IN TODAY'S SESSION

Class Expectations:

- **Participate** in activities & discussion.
- **Raise your virtual hand** to be recognized before speaking.
- If you are on the phone line, please place the **phone on Mute** when not speaking



**DO:** *READ SLIDE: Emphasize that though this is a virtual class, participation is equally as important as it would be in a face-to-face class. This tool is designed for participation like the raise your hand feature and the chat feature.*



1. Review and discuss the legal frameworks that guides the work you do as leaders of the union.

2. Gain a better understanding of your roles and responsibilities as an AFGE Local Union leader.

**SAY:** This course will introduce you to the many responsibilities you hold as a union leader at AFGE and will help you to identify key resources you will need to effectively serve your members. This course is an orientation level course and is not intended to dive too deep into any one area, but to provide new leaders with a basic overview of what their role entails, and what resources they have at hand as they begin their journey. Here are the course objectives:

**DO:** (READ SLIDE)

### INTRODUCTIONS

WHAT IS YOUR NAME?

WHAT LOCAL ARE YOU FROM? WHERE IS IT? (State/District)

WHY DID YOU BECOME A LEADER IN THE UNION?

HOW LONG HAVE YOU SERVED AS A LEADER AT AFGE?

**DO:** Invite participants to raise their hands or use the chat feature to introduce themselves using the questions outlined on the slide. (If it is a small class—encourage everyone to raise their hand to speak. Larger classes should have the option to either speak or use the chat feature).



"Leadership is action, not position."

~ Donald H. McGannon

Honesty and integrity

Build solidarity and pride in the union

Respect and dignity

Maintain a positive environment

Recognize needs of members

Be a good listener

Communicate and educate

Insist on excellence

**SAY:** The basis of good local leadership is building good relationships. Good leadership is based on actions and not a position. Here are some things to think about when thinking about your local leadership:

- Maintaining high standards of honesty and integrity
- Treat everyone with respect and dignity
- Recognize needs of members and be available
- Communicate and educate
- Build solidarity and pride in the union
- Maintain a positive environment
- Be a good listener
- Insist on excellence

## What Must an AFGE Leader know?

RAISE YOUR HAND TO RESPOND, OR USE THE CHAT BOX

**ASK:** Thinking about the role of the leader, what are things that local leader must know?

**DO:** allow people to write in responses in chat box or to raise their hand to answer.

Example of things AFGE Leaders should know

- Federal and State Laws
- AFGE National Constitution
- Local Constitution and By Laws
- AFGE Structure and Governance
- Basic Leadership Skills
  - Communication
  - Running Meetings
  - Strategic Planning
  - Time Management/Delegating

**DO:** Read the slide and summarize what has already been stated in the brainstorm from the previous slide.

## What Must an AFGE Leader do?

RAISE YOUR HAND TO RESPOND, OR USE THE CHAT BOX

**ASK:** Thinking about the role of the leader, what are things that local leader do?

**DO:** allow people to write in responses in chat box and reiterate what they say as well as add to what was already said.



**SAY:** In thinking about what a Local Leader must do, one of the main things is to build a strong local. That could look like many different things depending on position and perspective, but overall, a good place to start is building a strong local union leadership team. Look at this chart which shows some things to consider regarding building a strong leadership team.

**DO:** Read the content in the boxes and expand on each box as you cover it.

**Local Leaders have a responsibility to make AFGE’s mission thrive:**

**“To build a large, powerful, effective union for workers in government service”**

**SAY:** Also, when considering what an AFGE leader must do is what any good leader must do in any organization and that is to align themselves with and push forward the mission. As leaders of AFGE one of the things you should do is push the mission of AFGE forward, which is to build a large powerful effective union for workers in government service. The words large, powerful and effective are directly connected to AFGE’s vision to move forward to prepare to fight the battles that this union face. We have most certainly succeeded at becoming large in our history but need to work on being more powerful and more effective. And becoming more powerful and more effective starts at the Local level.

**....“Building Strong Locals”**

- This is the primary goal of the Local Union Officer
- The strength of AFGE is based on the strength of the Locals
- Building “effective” Locals to WIN for our members



**SAY:** That is why we must, all leaders at every level of this union, prioritize building strong locals. Every Local Leader should have a desire to see and build stronger Locals (which in turn increases our ability as a union to better service our members—which is always the bottom line of the work that we do). Looking at the big picture, the primary goal as an AFGE leader should be to build stronger Locals. AFGE the union, is only as strong as its Locals and ultimately this is truly how we as a union become big enough to win.

So, the question is, what does that mean exactly? What do you think it means to build a strong Local?

**DO:** (Solicit comments from the participants).



### What are Effective Locals?

Effective locals have ownership of the Union, have the capability, infrastructure and engagement to support and mobilize the membership.

They are **not** dependent upon the employer, they are **not** dependent upon representatives—they are **empowered**, and they are **big, strong & effective** enough to win.

**DO:** Read the slide

### Key Ideal Areas to Prioritize

- Organizing and Workplace Representation
- Legislative & Political Mobilization
- Strengthening the Local
- Education
- Communications

**SAY:** When it came to breaking down what it would take for Locals to move toward being stronger and more effective there were five categories that are ideal priorities. And though there are additions to this strategy worth discussing, which we will address in the next slide, these same categories should still be what locals consider as they continue to work on building their strength. So, look at these categories.

Based on your own experience, or what you know from observation, or your best educated guess, which one of these categories are the most time consuming, or tends to become one of the, if not the only, priority for many locals....

**DO:** ...give participants a few moments to respond

**SAY:** Its usually this first one, Organizing and Workplace Representation. In fact, when it comes to how many people view unions, this is what they think of what we do. These strategic directives are a needed reminder that Locals are more diverse than solely representation and the strategy every Local implement should reflect that. So, let's briefly review these categories here:

Organizing and Workplace Representation: Setting specific goals regarding increasing membership each year with a plan for year-round organizing and making sure we do what we have been doing well in the areas of representation. There is an organizing department that has guidance on how to up their game in the area of organizing.

Leg/Political: Setting goals to increase PAC (making sure no discussions about political activity are conducted on the worksite of course—and we will talk about that a bit later). Engaging members in the leg process, engaging with congressional members in your state, conducting voter registration drives. The

Leg department is a good resource to assisting locals in fully figuring this out.

Strengthening the Local: includes things like training Stewards, and building out committees and programs, making sure you have a WFP Coordinator, Retiree Coordinator, and YOUNG coordinator. This also include how we work with the AFL CIO local entities to increase our own influence and presence in our Local communities.

Education and Communications: Internal education is a consistent priority for this union, and we see the results of that through things like the learning management system, and this very training. As far as communications locals should set goals related to promoting AFGE in print, tv or radio. The Communications department is a great resource to helping Locals figure that out.

**SAY:** I have mentioned a few times how there are specific departments at AFGE that could assist locals. I have also brought up Convention as well which is a huge part of our structure.... let's take a closer look at these departments and others as we look at AFGE's National Structure.



**SAY:** AFGE was formed in 1932 and has seen many changes but prides itself on striving to be a true democratic organization and that is evident in its structure. We are the largest federal employee union consisting of federal and DC government workers nation-wide and overseas. We consist of workers that work in food inspection, immigration, border patrol, the Veteran Affairs medical Center, Social Security, lawyers, nurses, mine inspectors, cowboys, and the list goes on. AFGE is headquartered in Washington DC, not too far from the Capital in fact, and has locals across the country in Districts which we will further discuss momentarily. Let's start to take a close look at AFGE's structure.

LEADERSHIP ROLE	DESCRIPTION OF DUTIES
Executive Board	<ul style="list-style-type: none"> <li>Provide leadership and consensus on goals</li> <li>Provide annual Budget (reviewed and approved by membership), act for the membership on urgent matters</li> </ul>
National President <b>Everett Kelley</b>	
National Secretary-Treasurer <b>Eric Bunn Sr.</b>	
National Vice President for Women and Fair Practices <b>Jeremy Lannan</b>	
Represent and oversee all investigations of union members (including union matters), disciplinary actions, and through the grievance procedure.	
Committees	<ul style="list-style-type: none"> <li>Key to an activist Local, getting the programmatic work done (Ex: election, audit, organizing, legislative, health and safety, etc.)</li> </ul>

**FYI\*\*\* (THIS SLIDE HAS SEVERAL POP UPS/ANIMATIONS) \*\*\*  
PLEASE REVIEW THESE ANIMATIONS PRIOR TO YOUR TRAINING  
SO YOU ARE FAMILIAR WITH THEM.**

**SAY:** If we were to look at the structure of AFGE broadly here is what we have. AFGE is divided into National, Regional, Local and Council entities.

**CLICK and SAY:** This is the Local level. AFGE has more than 1100 chartered local unions in the US and its territories and Europe. Each local has an Executive Board. The duties of the Executive Board members can be found in the AFGE Constitution and /or Local's Constitution and Bylaws, but here are a few common roles that one can find at a Local

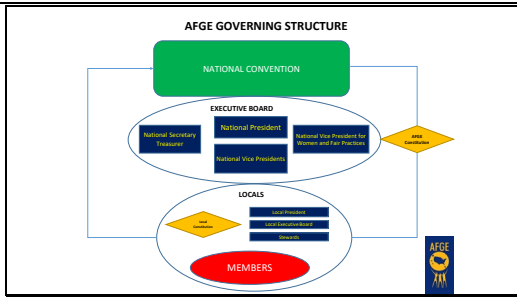
**(ANIMATION HERE) CLICK for pop up of Local Roles and Read Slide Pop Up**

**CLICK and SAY:** So next up is the regional level. AFGE organizes in regions covered by Districts. AFGE has 12 total districts, each one led by one of the national vice presidents. If you know your District and VP, please type it in the chat box. Your District is the first resource you all have as Stewards for assistance. Within your district are National Reps and WFP coordinators.

**CLICK and SAY:** Next is the National level, and the national office is housed in Washington DC. This is where the National President is, as well as these other departments. The NST Office has training available for fiduciary responsibilities, usually bestowed upon members of Local leadership. Also within the National Office is the General Counsel Office where assistance can be requested on any matter affecting employment as a federal employee. Attorneys from the GCO office are located at various locations throughout the country as well.

**(ANIMATION HERE) CLICK for pop up of Pictures of National Officers and Read each one as it pops up.**

**CLICK and SAY:** If you look over to your right you see Councils. AFGE has over 121 chartered councils and 30 of these are bargaining councils. Bargaining Councils typically negotiate agency wide contracts. The Council level consist of council president and the council e-board. There are resources available from Councils as well, depending on how big the council is, such a training.



**SAY:** Here is where we can really see the democratic structure show up in this union.... members vote on the officers, as well as vote on changes to the CBA and overall budget. This happens at the National Convention. That is why it is here at the top, because it is the highest governing body of this union.

**ASK:** Has anyone here attended a National Convention?

**SAY:** The National Convention occurs every three years.

**SAY:** Underneath the National Convention, there is The National Executive Council (NEC). The NEC is comprised of 15 members, the National President, the National Secretary Treasurer, the National Vice President of Women’s and Fair Practices, and the twelve National Vice Presidents. Between Conventions, the NEC is the policy making and governing body of this union.

- Over to the right of the screen, in the yellow diamond is the National Constitution, which is amended at the Convention and is an overall important part of our union structure because the Constitution sets forth the rules by which the union conducts its business.
- Then there is the Local entity, which we have already discussed but again, the governance of this union is only as string as the Locals. The true strength of this union is rooted in our Locals where our members are housed.

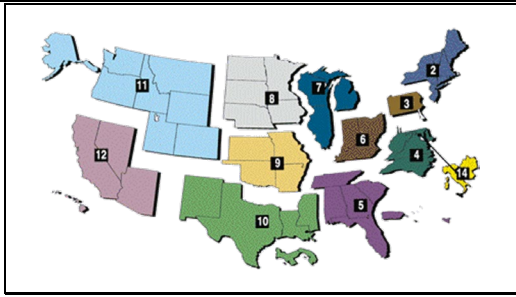
### **What’s the Deal with Dues?**

- **Members decide dues structure** of their Local—should be enough to pay the per capita tax (\$21.96) and fund the operating costs of the Local
- Recommended: **2x the national per capita tax**
- **Your LOCAL** uses dues to: Represent members daily, Grievance/Arbitration, NEO, Trainings, Communications, Special benefit plans for members
- **The DISTRICT** uses dues for: Data processing and administration, Representation, Training, Leg/Political action, Membership/Organizing
- **The NATIONAL** uses dues for: Legal defense/advocacy, Public policy research, WFP work, all of the above.

**SAY:** *We cannot talk about structure and governance without mentioning dues. It’s the dues of this union that makes this union. Here are some quick facts about dues.*

**DO:** *Read Slide*





## BREAKDOWN OF AFGE DISTRICTS

### SAY:

- Here are the 12 districts that comprise AFGE. This is how it is broken out geographically.
- Again, there are 12 National Vice Presidents who oversee these districts.
- The NVPs are charged with supervising and directing National Representatives (NRs) assigned to their District; assisting Locals in negotiating and implementing contracts; and handling grievances and appeals at the district level up to and including the regional level (in the 14<sup>th</sup> District, the NVP deals directly with DC government department heads).
- District staffing levels are based on membership numbers within the district. For every 2000 union members, the district hires 1 National Representative. Delegates representing the Locals within each District elect a NVP every three years at a District caucus.
- In addition to electing a NVP at each District triennial caucus, a District elects a Fair Practices Affirmative Action Coordinator and a National Women's Advisory Committee member, which is in total three elected staffers within each district. **The Fair Practice Coordinator and the Women's Coordinator** assist in implementing District and National Human, Women, and Civil Rights programs at the Local and Council levels. They lobby local legislators on related issues, and partner with AFLCIO constituency groups to build coalitions.
- National organizers, Legislative political organizers and national representatives are not elected, but are full time staffers who support departmental functions.
- **National Organizers** work out of headquarters in DC and are dispersed out in the field. They direct and support organizing campaigns under the supervision of the Director of Membership and Organizing.
- **Legislative Political Organizers** direct and support grassroots political action efforts throughout the union
- **National Representatives** are dispersed throughout the districts and under the supervision of the National Vice Presidents. They are assigned to specific Locals by the NVP and are responsible for assisting Local with meeting goals of the union.

**Some AFGE Councils**

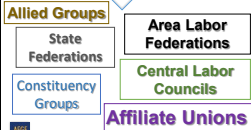
- AFGE DEFCO
- AFGE Federal Fire Fighter Steering Committee
- AFGE Federal Law Enforcement Council
- AFGE TSA Council 100
- Air Force Materiel Command Locals (C-214) Council 252
- Council of National Archives and Records Administration (NARA) Locals (C-260)
- DFAS Council of DFAS Locals (C-171)
- Defense Contract Management Agency (C-170) EPA Locals (C-238)
- EPA Locals (C-238)
- ICE Council 118
- Midwest Council of Food Inspection Locals (C-202)
- National Border Patrol Council
- National Council of EEOC Locals 216
- National Council of Field Labor Locals (C-73)
- National Council of HUD Locals (C-222)
- National Council of Prisons Locals (C-33)
- National Council of SSA Field Operations Locals (Atlanta Region) (C-220)
- National Council of SSA Field Operations Locals (C-220)
- National Council of VA Locals (C-53)
- National Joint Council of Food Inspection Locals (C-45)

**BREAKDOWN OF AFGE COUNCILS**

**SAY:**

AFGE has more than 121 chartered councils who have been approved by the union’s NEC. Only locals in good standing may be affiliated with AFGE councils. Of this number, approximately 30 are Bargaining Councils. Bargaining Councils typically represent member locals at the agency level of the labor and management relationship; elect their own officers at their own conventions attended by Locals in the councils; negotiate agency-wide contracts covering council locals; and lobby for their Locals’ issues.

**AFL CIO**  
AMERICAN FEDERATION OF LABOR  
CONGRESS OF INDUSTRIAL ORGANIZATIONS  
WWW.AFLCIO.ORG



- Largest federation of unions in the United States
- AFGE is a member of the AFLCIO, especially at the regional level
- State Federations, Area Labor Federations, Central Labor Councils**
- Mobilize around organizing campaigns
- Focus on county or city concerns: lobbying, elections, zoning, county/city economic issues
- State legislative work: collective local union actions like boycotts, strikes & picketing
- Visit [AFL website](http://AFL website) to get connected
- Constituency Groups**
- Non-profit, non-partisan organizations
- Under-represented groups: increasing membership, voter registrations, mobilizing bodies
- Examples: A. Phillip Randolph Institute, Coalition of Labor Union Women, Pride at Work

**FYI\*\*\*(THIS SLIDE HAS SEVERAL POP UPS/ANIMATIONS) \*\*\* PLEASE REVIEW THESE ANIMATIONS PRIOR TO YOUR TRAINING SO YOU ARE FAMILIAR WITH THEM.**

**SAY:** A big part of our structure that often is not discussed is the AFL-CIO

**ASK:** What does AFL-CIO stand for? **Do:** *Wait for responses via chat or hands raised*

**CLICK and SAY:** AFGE is a member of the American Federation of Labor and the Congress of Industrial Organizations (AFL- CIO, the largest federation of unions in the United States, made up of 56 national and international unions, together representing more than 12.5 million workers. AFL’s mission is to advance social and economic justice in our nation by enabling working people to have a voice on the job, in government (hence our connection), and in their communities. And that is the area that really serves local leaders and members, because the AFL has many opportunities for all of us to connect on the local level, right where you all are. Let’s take a look at some of these opportunities.

**CLICK and READ** all the points that come up.



1. What is a reason for affiliating with the AFL-CIO?
2. What happens at the National Convention?
3. What offices are elected at the District level?

**SAY:** POP QUIZ TIME! We have been moving through a lot of content, so let's test our knowledge here. Raise your hand or use the chat box to respond.

**Possible Answers:**

1. What is a reason for affiliating with the AFL-CIO?

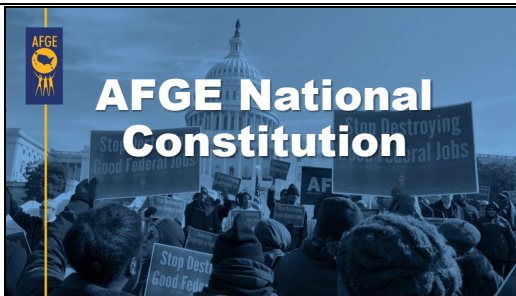
**A:** We share a similar mission, vision and goals; We pay a per capita tax to the AFL-CIO; We join other national labor unions to work under this umbrella union to be more powerful and effective.

2. What happens at the National Convention?

**A:** Laws and policies are adopted; Constitution is amended; Election of National President, Secretary-Treasurer, and National Vice President for Women's and Fair Practices; Per Capita Dues are established; Final court of review for members who feel they have not been treated fairly at lower levels of the union.

3. What three offices are elected at the district level?

**A:** National Vice President, Fair Practices Coordinator, Women's Coordinator

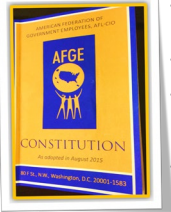


**AFGE CONSTITUTION**

**SAY:**

As a leader in AFGE knowing what is in the AFGE Constitution is imperative because it sets forth the rules by which the union conducts its business. Our Constitution is THE framework for how this union operates. It is important to know that the AFGE Constitution is a living document. Any changes or amendments to the constitution are made by democratically elected delegates at the National Convention.

Because the Constitution is so important, we will spend some time familiarizing ourselves with it in more detail. You all should have a copy of the Constitution in the Materials tab. Take a moment to start to open it up.



- sets forth the rules by which the union conducts its business
- THE framework for how this union operates
- Is a living document and changes/ amendments made by democratically elected delegates at the National Convention every 3 years
- Some things included:
  - Membership
  - Structure and Governance
  - Duties of Officers
  - Discipline
  - Election of Officers

## AFGE NATIONAL CONSTITUTION (GROUP WORK)

**DO: READ SLIDE:**

*Summary:*

The AFGE National Constitution contains the rules and regulations adopted by the AFGE National Convention, which meets triennially.

The AFGE National Constitution is the supreme governing document of the Federation. If a provision of a Council or Local constitution conflicts with the AFGE National Constitution, the conflicting provision may not be enforced.

The AFGE National Constitution incorporates controlling laws, such as in Article XXIV, Section 8(c), regarding the bonding of all labor organizations required by law. The General Counsel's Office reviews the Constitution and any proposed amendments prior to each National Convention to determine whether any provision or amendment might conflict. In the event of any such conflict, the law must prevail.

How many Articles are there in the Constitution?

29 (See Table of Contents)

Where can you find information about rules of conduct for elections?

Appendix A (See Table of Contents)

Who can be an AFGE member? (Hint: See Article III)

SECTION 1(a). All persons of the following classes, without regard to race, creed, color, national origin, sex, age, political affiliation, disability, marital status, sexual orientation, or preferential or nonpreferential civil service status, excepting those over whom jurisdiction has been granted to other national or international unions by the AFL-CIO, and excepting officers of unions not affiliated with the AFL-CIO, shall be eligible for full membership in this Federation.

What is AFGE's "true and legitimate source of all authority and...final court of appeal"? (Hint: See Article V Section 2)

National Convention

How many years must a member be employed in the Federal Government to run for National Office with AFGE? (Hint: See Article VII, Section 1a)

Three consecutive years in good standing

**DO:** Ask the participant to share their answers then click to show the correct answers to each question.

Who has the power to impose trusteeship?

National President

Who assumes the Office of National President in the event of a vacancy in that office between National Conventions? (Hint: See Article IX, Section 10)

National Secretary Treasurer

How much can a local executive board spend without prior approval of the membership of their local? (Hint: Article XIX, Section III)

\$500

What is the per capita tax as of January 1, 2015? (Hint: See Article XIX)

\$20.91 Uninsured Locals

\$21.96 Insured Locals

Do Councils pay per capita tax? (Hint: Article XXI)

No

How must amendments to the AFGE National Constitution be submitted to be considered by a National Convention? (Hint: See Article XXVIII)

Submitted to NST, 60 days before Convention.

2/3 vote brought to the floor

**DO:** Ask the participant to share their answers then click to show the correct answers to each question.



## LEGAL FRAMEWORK FOR AFGE

**SAY:**

As a union that represents Federal and Local Government workers, there are a certain set of Federal laws that directly relate to how we operate and the work that we do. In this next section, we will talk through three of these laws very briefly to start to get a better understanding of those laws.

### Relevant Laws for New Leaders

1. Labor Management Reporting and Disclosure Act of 1959 (LMRDA)
2. The Statute | 5 USC Chapter 71
3. Civil Service Reform Act of 1978 (CSRA) | Standard of Conduct for Labor Organizations

**SAY:** We can spend an entire full day training alone on labor law and still wouldn't scratch the surface. But for this orientation, we will discuss these three.

**DO:** Read slide.

### Enforcement/Accountability

- **Department of Labor (DOL), Office of Labor-Management Standards (OLMS)** manage civil service of Fed Gov
- **Federal Labor Relations Authority (FLRA)** independent Gov agency that governs labor relations between the fed gov and its employees
- **Merit Systems Protection Board (MSPB)** protect against partisan political and other prohibited personnel practices and to ensure adequate protection for federal employees against abuses by agency management.

**SAY:** First and foremost, here are the agencies responsible for enforcing the LMRDA, CSRA, and DC Labor Relations Law are as follows: the U.S. Department of Labor, Office of Labor Management Standards (DOL, OLMS), Federal Labor Relations Authority (FLRA), and, for DC Government Employees only, the Public Employee Relations Board (PERB). OK, let's continue to discuss, in a little more detail some of the key areas of LMRDA, The Statue and The Standards of Conduct 29 CFR.



Say: First up, is the LMRDA

Responsibilities of Officers

**Bonding.** Entities must obtain a bond to protect the union's assets in case of embezzlement or other internal crimes. Unions with less than \$5,000 in total annual receipts are exempt from bonding.

**Elections.** Covers nominations, ballot secrecy, and other election procedures. The standards apply to union officer elections. They also apply to elections for delegates to conventions at which union officers are elected or dues are voted on.

**Reporting.** Required to file certain reports with the DOL to document governance and financial integrity. General information on these reporting requirements and on fiscal controls for unions is on the DOL website. The reports are public information and the DOL posts them (as well as a variety of other union information) on its website

**Record Keeping.** Must maintain for 5 years the records on which their annual LM-2-3, or -4 reports are based. Examples of these records include:

- Credit card statements and itemized receipts for each credit card charge
- Copies of bank deposit slips and bank credit and debit memos
- Vouchers for union expenditures
- Internal union financial reports and statements
- Minutes of all membership and executive board meetings
- Fixed assets inventory
  - Election ballots and materials must be kept for 1 year.

DOL advice on recordkeeping requirements is on the DOL website

**FYI\*\*\* (THIS SLIDE HAS SEVERAL POP UPS/ANIMATIONS) \*\*\* PLEASE REVIEW THESE ANIMATIONS PRIOR TO YOUR TRAINING SO YOU ARE FAMILIAR WITH THEM.**

- Federal law.... (Read from slide)
- Established in 1959. **ASK:** What was happening in 1959 that might have influenced the creation of labor laws? (Possible answers:
  - Established to regulate... (read from slide)
  - Established the rules... (read from slide)
  - **(Animation HERE) CLICK for POP UP and briefly skim over.**
  - **CLICK and say:** OLMS.... (Read from slide)

**Labor Management Reporting and Disclosure Act of 1959 (LMRDA)**

<b>Relevant Laws</b>	<ul style="list-style-type: none"> <li>• Protects the rights ensuring members in place               <ul style="list-style-type: none"> <li>• <b>Bill of Rights</b> is</li> </ul> </li> <li>• Provide for the re administrative pra</li> <li>• Prevent abuses in</li> <li>• Provide standards organizations, and</li> </ul>	<p style="text-align: center;"><b>Union Member Rights</b> Bill of Rights - Union members have:</p> <ul style="list-style-type: none"> <li>• equal rights to participate in union activities</li> <li>• freedom of speech and assembly</li> <li>• voice in setting rates of dues, fees, and assessments</li> <li>• protection of the right to sue</li> <li>• safeguards against improper discipline</li> </ul> <p><b>Copies of Collective Bargaining Agreements</b> - Union members and nonunion employees have the right to receive or inspect copies of collective bargaining agreements.</p> <p><b>Reports</b> - Unions are required to file an initial information report (Form LM-1), copies of constitutions and bylaws, and an annual financial report (Form LM-2/3/4) with OLMS. Unions must make the reports available to members and permit members to examine supporting records for just cause. The reports are public information.</p>
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**FYI\*\*\* (THIS SLIDE HAS ANIMATIONS) \*\*\***

**SAY:**

- Protect the rights.... (Read slide)
- Bill of Rights
- **(Animation HERE) CLICK and Read from the Pop Up**
- **CLICK and Read:** Provide for the....
- **CLICK and Read:** Prevent abuses...
- **CLICK and Read:** Provide standards...

**Labor Mana** Officer Elections - Union members have the right to

- Title I: b
  - nominate candidates for office
  - run for office
- Title II:
  - cast a secret ballot
  - protest the conduct of an election

Officer Elections - Unions must:

- Title III:
  - hold elections of officers of local unions by secret ballot at least every three years
  - conduct regular elections in accordance with their constitution and bylaws and preserve all records for one year
- Title IV:
  - mail a notice of election to every member at least 15 days prior to the election
- Title V:
  - comply with a candidate's request to distribute campaign material
- Title VI:
  - not use union funds or resources to promote any candidate (nor may employer funds or resources be used)
  - permit candidates to have election observers
- Title VII:
  - allow candidates to inspect the union's membership list once within 30 days prior to the election

Restrictions on Holding Office - A person convicted of certain crimes may not serve as a union officer, employee, or other representative of a union for up to 13 years

**Relevant Laws**

**FYI\*\*\*(THIS SLIDE HAS ANIMATIONS) \*\*\***

**CLICK and Read each point that pops up on this slide.**



**SAY:** Civil Service Reform Act of 1978

**CSRA, Civil Service Reform Act, 1978**  
 - Promote democracy and financial integrity in private-sector labor organizations (Federal Government Employees)

- Applies to labor organizations which represents employees in most agencies of the executive branch of the Federal Government
- Established in response to the Watergate Scandal
- Standard of Conduct for Labor Organizations | Section 7120 of Title VII of the CSRA
  - The Department of Labor's regulations that implement the standards of conduct provisions are found in the Code of Federal Regulations at [29 CFR Parts 457-459](#)
- The Act abolished the U.S. Civil Service Commission and distributed its functions primarily among three new agencies: the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), and the Federal Labor Relations Authority (FLRA)

**Relevant Laws**

**SAY:** Overall the Standards of Conduct addresses these things **DO:** (Read slide).

29 CFR IV, Subchapter B, Parts 457-459 (Standards of Conduct)

458.30 Removal of elected officers

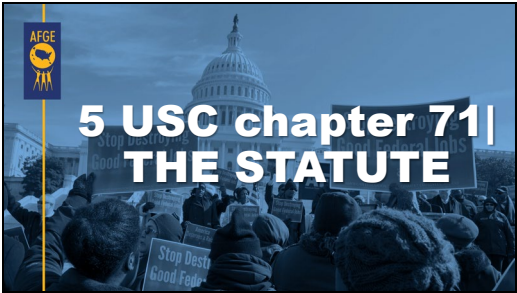
When an elected officer of a local labor organization is charged with serious misconduct and the constitution and bylaws of such organization do not provide an adequate procedure meeting the standards of § 417.2(b) of this chapter for removal of such officer, the labor organization shall follow a procedure which meets those standards.

Relevant Laws

Union Member Rights	Removal of Officers/Discipline
Reporting Requirements	Prohibitions against certain discipline
Union Officer Elections	Compliance/Enforcement
Trusteeship	(5) If such accused officer(s) is found guilty, he may be removed by a procedure which includes: (1) A secret ballot vote of the members at an appropriately called meeting, or (2) A vote of a trial committee or other duly authorized body, subject to appeal and review by the members voting by a secret ballot, at an appropriately called meeting.
Bonding	(6) Within a reasonable time after the charges of serious misconduct are filed with the labor organization final disposition (including appellate procedures) is made of the charges.

FYI\*\*\*(THIS SLIDE HAS ANIMATIONS) \*\*\*

**DO:** Read the points that are on the slide.  
**CLICK and SAY:** Here are some of the things that are covered in the Standards of Conduct. **DO:** Read points (Animation HERE) **CLICK and SAY:** So, what does it say regarding Removal of Officers/Discipline? Let's take a quick look. **DO:** Read over the content in the Popup (Animation HERE) **CLICK and SAY:** Adequate Procedure, let's look at what that means. **DO:** Read over the content in the Popup (Animation HERE) **CLICK and SAY:** Another key area to highlight here is Prohibitions against Certain Discipline. **DO:** Read Slide



**SAY:** 5 USC Chapter 71/The Statute

5 USC Chapter 71 (The Statute)

The Civil Service Reform Act of 1978 led to the creation of Title 5 U.S. Code Chapter 71.

Relevant Laws

Agencies and Unions commonly refer to it as "the Statute" because it defines the legal framework for federal labor relations.

**SAY:** The Civil Service Reform Act of 1970 led to the creation of Title 5 U.S. Code Chapter 71. Agencies and Unions commonly refer to it as "the Statute" as it defines the legal framework for federal labor relations.



## 5 USC Chapter 71 (The Statute)

- Allows certain federal employees to organize, bargain collectively, and to participate through labor organizations of their choice in decisions affecting their working lives
- Defines and lists the rights of employees, labor organizations, and agencies to reflect the public-interest demand for the highest standards of employee performance and the efficient accomplishment of government operations.

### Union representation

Information requests

Collective bargaining

Management Rights

Standards for labor organizations

Formal Discussions

Unfair Labor Practices (ULPs)

Relevant Laws

**DO:** Read Slide

## Agencies | Enforcement/Accountability

LMRDA and 29 CFR is regulated by the  
Department of Labor (DOL)  
Office of Labor-Management Standards (OLMS)

5 USC Chapter 71 is regulated by the  
Federal Labor Relations Authority (FLRA) or "the Authority"

**SAY** The agencies responsible for enforcing the LMRDA, CSRA, and DC Labor Relations Law are as follows: the U.S. Department of Labor, Office of Labor Management Standards (DOL, OLMS), Federal Labor Relations Authority (FLRA), and, for DC Government Employees only, the Public Employee Relations Board (PERB). We want to discuss, in more details, The Statute and The Standards of Conduct 29 C.F.R. §§ 457-459. The Bill of Rights of members or labor organizations, C.F.R §458.2,. These are two very important regulations for union officials.



1. What three laws were discussed in terms of Local Leaders responsibilities?

2. Why was LMRDA created?

3. What agencies regulate these laws?

**SAY:** POP QUIZ TIME! We have been moving through a lot of content, so this is a good place to test our knowledge here. Raise your hand or use the chat box to respond.

### **Possible Answers:**

1. What three laws were discussed in terms of Local Leaders responsibilities?

**A:** LMRDA, CSRA, The Statute

2. Why was LMRDA created?

**A:** to require the disclosure of financial transactions and administrative practices of unions, employers, and labor consultants, as well as providing standards for election of union officials, trusteeships, and the fiduciary duties of union officers; grants certain rights to union members and protects their interests by promoting democratic procedures within labor organizations

3. What agencies regulate these laws?


**A:** LMRDA and 29 CFR is regulated by the Department of Labor (DOL) and Office of Labor-Management Standards (OLMS); 5 USC

Chapter 71 is regulated by the Federal Labor Relations Authority (FLRA) or “the Authority”; OTHER AGENCIES THAT REGULATE LABOR RELATIONS LAWS: Department of Labor (DOL), Office of Labor-Management Standards (OLMS) manage civil service of Fed Gov; Federal Labor Relations Authority (FLRA) independent Gov agency that governs labor relations between the fed gov and its employees; Merit Systems Protection Board (MSPB) protect against partisan political and other prohibited personnel practices and to ensure adequate protection for federal employees against abuses by agency management.



### HARD CASE ACTIVITY

**SAY:** Alright, so let’s put our knowledge, experience and most importantly our critical thinking skills to the test. In this next section, called “Hard Cases” you will be given a scenario, which I will read aloud, and I will give you a moment to think about it. You will decide the best possible option or action or decision for each scenario. Keep in mind the laws, the constitution, leadership skills that may come into play in each of these scenarios.



Chuck attends all local membership meetings, but he is loud and critical of the leadership at virtually every meeting.

Because of his antics and verbal abuse of officers and other members, attendance of other members has declined, and it is difficult to conduct business at the meetings.

The Executive Board is meeting to consider what to do about Chuck. What options does it have? Can it bar him from meetings, order him to leave if he criticizes, file disciplinary charges against him, or suspend him from membership?

Take a moment. Think about the best action to take.  
Important: What is prohibited in terms of the law?  
Wait for instructor to debrief

**DO:** READ THE SCENARIO ALOUD. GIVE EVERYONE SOME TIME TO THINK AND DECIDE ON THEIR RESPONSE THEN SOLICIT RESPONSES VIA CHAT OR RAISED HANDS.

**Possible actions:** Talk to Chuck 1:1; Ask someone else who is diplomatic to take Chuck outside the meeting to talk; Ask Chuck to refrain from his disruptions; Use Sergeant of Arms, according to Roberts Rules of Order;

### Sources:

LMRDA §101(a)(2); 29 CFR §458.2(a), §458.37; libel cases; call security.

**LMRDA 101(a)(2)**  
**Title I Bill of Rights of Members**

**Union Member Rights, (a)(1)** | Every member has the right to nominate, vote in elections, attend meetings and vote on business.

**Freedom of Speech (a)(2)** | Every member has a right to freedom of speech, as long as it does not interfere with legal or contractual duties.

**Dues, (a)(3)** | Increases only accomplished by reasonable notice (standard being 30 days), majority vote, secret ballot (can be mailed)

**Members Right to Sue, (a)(4)** | Members can sue if rights are violated, but must go through an internal process.

**Disciplinary Action, (a)(5)** | Safeguards against improper disciplinary actions


**SAY:** Let's remember the rights that all members have under the LMRDA in Title I: the Bill of Rights of Members. The second one listed is Freedom of Speech which in summary (read point two from the slide). The extended version talks specifically about the member having the right to verbalize any conflicting perspectives, ideas etc. at any meeting. So, all in all, Chuck does have a right to be expressive of his views at these meetings. The caveat here is the last part that says as long as it does not interfere with legal or contractual duties. Depending what's on the agenda, his antics may very well fall under that category, but it may be something that is hard to prove under review.

**SAY:** So, if your Eboard does decide to move forward with discipline, there is something called filing an Article 23. **(CLICK for more information on the next slide).**

- (a) Advocating, encouraging, or attempting to bring about a secession from the Federation ...
- (b) Working in the interest of or becoming a member of the Communist Party...
- (c) Violation of any provision of this Constitution/bylaws of the local
- (d) Making known the business of any affiliate of the Federation to management officials of any agency
- (e) Engaging in conduct unbecoming a union member;
- (f) Gross neglect of duty or conduct constituting misfeasance or malfeasance in office
- (g) Incompetence, negligence, or insubordination in the performance of official duties
- (h) Fraud, embezzlement, mismanagement, or appropriating to one's own use any money, property
- (i) Refusing, failing, or neglecting to deliver — a full and accurate account of all monies, properties, books, and records for examination and audit; and/or
- (j) Assisting, counseling, or aiding any member or officer of the Federation or any of its affiliates to commit any of the offenses herein set forth.

**SAY:** Article 23 refers to a section in the Constitution that discusses Discipline, entitled: Offenses, Trials, Penalties, Appeals. In section 1: The Local in which the member is part of is responsible for handling discipline. If the trial involves a Council Officer, then the Council is expected to handle the discipline.

**SAY:** This Article is divided into sections that discusses the following. **DO:** (Read section titles from the slide). **(Animation Here) CLICK and SAY:** The section that best relates to Chuck is section 2, Read content from Popup.



**Judy wants to join your Local.**

Unfortunately, in the past she has loudly criticized AFGE and has urged other employees to seek another union.

Now she brags that she will get into the Local in order to "destroy it from the inside." She has signed and submitted a SF-1187, dues allotment form, to become a member.

**What can your Local do?**

Take a moment. Think about the best action to take. Important: What is prohibited in terms of the law?  
 Wait for instructor to debrief

**DO: READ THE SCENARIO ALOUD. GIVE EVERYONE SOME TIME TO THINK AND DECIDE ON THEIR RESPONSE THEN SOLICIT RESPONSES VIA CHAT OR RAISED HANDS.**

**Possible actions:** Talk to Judy 1:1 about her issues; Threaten to file an Article 23; Accept her 1187 and wait/hope for the best, possibly organize a plan to flip her into being a champion for the union considering she seems to have influence.

**Sources:**  
 5 U.S.C. §7116(c);  
 FLRA ALJ 4-CO-10021 (1992); charges and trial under Article XXIII

### The Statute gives employees the right:

- To **form**, join, or assist any labor organization; or to **refrain**, freely and without fear of penalty or reprisal.
- To **act** for a labor organization in the capacity of a representative and to present the views of the labor organization
- To **engage** in collective bargaining

Citation: § 7102

### The Statute also states:

For the purpose of this chapter it shall be an unfair labor practice for an exclusive representative to deny membership to any employee in the appropriate unit represented by such exclusive representative except for failure--

Citation: § 7116c

**SAY:** The law that you should remember in the Judy scenario is 5 USC Chapter 71. The Statute gives federal employees the right to form, join, or assist any labor organization; or to refrain, freely and without fear of penalty or reprisal. To act for a labor organization in the capacity of a representative and to present the views of the labor organization and to engage in collective bargaining. So, Judy does have a right to join the union according to federal law.

**CLICK and SAY:** You want to also keep in mind another section of the statute that expresses that it can be considered an unfair labor practice for the union to deny her membership. This is an example of why it is indeed important to know the law. If you jump to a decision solely based on emotional reaction, you could be in some trouble.



Your Local Vice President, and long-time family friend, Jim, has just come to your office and closed the door.

You, Local 7303's President, ask him "what's up?" and Jim confesses that he was convicted of a felony—obstruction of justice—seven years ago, but never served time in jail because he was sentenced to two years on parole, which ended five years ago.

Is this a problem? If so, what should you do?

Take a moment. Think about the best action to take. Important: What is prohibited in terms of the law?  
Wait for instructor to debrief

**DO:** READ THE SCENARIO ALOUD. GIVE EVERYONE SOME TIME TO THINK AND DECIDE ON THEIR RESPONSE THEN SOLICIT RESPONSES VIA CHAT OR RAISED HANDS.

**Possible actions:** Ask Jim to gracefully step down to prevent any confusion; Do a bit more research (question is: he holds a federal government job—how did he pass background checks etc.); If Jim lied about this previously this is definitely a reason he should be sat down;

### Sources:

29 C.F.R. §458.36; various state criminal statutes

29 CFR, Subchapter B | Standards of Code Regulations  
458.36 Prohibitions against certain persons holding office or employment.

The prohibitions against holding office or employment in a labor organization contained in section 504(a) of the LMRDA are incorporated into this subpart by reference and made a part hereof.

The prohibitions shall also be applicable to any person who has been convicted of, or who has served any part of a prison term resulting from his conviction of, violating 18 U.S.C. 1001 by making a false statement in any report required to be filed pursuant to this subpart, or who has been determined by the Director after an appropriate proceeding pursuant to §§ 458.66 through 458.92 to have willfully violated § 458.27:

Provided, however, That the Director or such other person as he may designate may exempt a person from the prohibition against holding office or employment or may reduce the period of the prohibition where he determines that it would not be contrary to the purposes of the CSRA or the FSA and this section to permit a person barred from holding office or employment to hold such office or employment.

**SAY:** In this scenario with Jim, there is a section in 29 CFR Subchapter B that spells out clearly reasons why certain people can NOT hold office. As underlined here, it does say “convicted of” which is true of Jim though he didn’t serve any time in prison. This could be a tough call, but you will need to remember you do have to make decisions based on the law and what is best for the Local.



## FIDUCIARY RESPONSIBILITIES



AMERICAN FEDERATION FOR GOVERNMENT EMPLOYEES, AFL-CIO

**SAY:**

Now we are going to talk about some of your fiduciary responsibilities. I do want to clarify that while you are getting a portion of the material from the Financial Officer’s training, what will be presented to you today is not, I repeat, is not a substitute for the Financial Officer’s training.

Where is this Information?

- AFGE Constitution
- Labor Management Reporting and Disclosure Act
- Civil Service Reform Act
- Local Bylaws
- Union and Local Operating Practices

**SAY:** There are several places where fiduciary responsibilities are outlined, and as an AFGE leader, you should know all of them, and what they say. As we have been saying throughout the training, we do not have the time to go through every single thing, but we will spend time reviewing some of the highlights.

So, this is where you can find information on Fiduciary responsibilities (*click the slide to show the list*).

### Who Are The Financial Officers ?

- President
- Vice-President
- Treasurer
- Executive Board
- Or individuals that make financial decisions or reviews for the Local
  - Audit Committee
  - Budget Committee

Sec. 501. (c) The officers, agents, shop stewards, and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold the money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the governing bodies adopted thereunder, to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties and from holding or acquiring any pecuniary or personal interest which conflicts with the interests of such organization, and to account to the organization for any profit received by him in whatever capacity in connection with transactions conducted by him or under his direction on behalf of the organization.

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**SAY:** So, who is has responsibility over finances? **DO:** Wait for responses, then click to show the lost

**SAY:** These people! Yes, all of these individuals in some capacities are responsible for the Local's finances. So essentially all Officers should know the ins and outs of Fiduciary responsibilities. I repeat, Every Local president and officer stands in a fiduciary position with respect to the union and its members and that is spelled out in the LMRDA Section 501 under Title V: Safeguards for Labor Organizations, Fiduciary Responsibility of union officers.

### Fiduciary Responsibilities

- Local Officers manage and handle funds which belong to the Local and its members; holding positions of trust known as "fiduciary positions"
- Hold the Union's money and property solely for the benefit of their Union and its members.
- Manage, invest, and disburse funds and property only as authorized by the Union's Constitution and By-laws or by proper resolution of its membership
- Refrain from financial or personal interests which conflict with those of their Union; and account to their Union for any profits received from transacting Union business.
- Fiduciary Duties are imposed on Union Officers by law.

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**CLICK and Read** content from the slide.

### General Responsibilities

- Safeguard the property of the Local and its members
- Collect and disburse Local funds
- Accurately record all financial transactions
- Report to Federal and State Government Agencies

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**SAY:** Overall, as a Financial Officer, you are entrusted by the membership to faithfully perform vital duties such as: safeguarding the property of the Local and its Members, collecting and disbursing Local funds, accurately recording all financial transactions, and reporting to Federal and State Government Agencies

### Local Credit Cards

- How to avoid problems when using Credit Cards :
  - Credit Cards should be in the name of the Individual Local Officer
  - Monthly dollar amount limits should be placed on Credit Cards
  - No ATM or Debit capability should be allowed
  - Credit Cards are to be used for Local business only. No personal charges by an officer.
  - A Credit Card Statement should not be considered authorization for payment—You must provide receipts, hotel statements, vouchers, etc.
  - Use of a Credit Card should be defined in the Local's Bylaws.

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**SAY:** While we are on the topic of managing the Local's money properly, let address a topic of interest: CREDIT CARDS. A local cannot effectively conduct financial business without the use of a credit card, but there are some inherent problems with credit card usage. To avoid such problems, credit cards should be in the name of the individual local officer; monthly dollar amount limits should be placed on credit cards; no ATM or debit capability should be allowed; credit cards should be used for Local business only (no personal charges by an officer); a credit card statement should not be considered authorization for payment (you must provide receipts, hotel statements, vouchers, etc.); and use of a credit card should be defined in the Local's Bylaws.

### LOANS

- AFGE's position -- Just say no!
- If you choose to make loans:
  - They must be approved by the membership; Board cannot approve loans!
  - It cannot exceed more than \$2,000 per individual
  - There should be a very clear standard criteria that the Local has adopted
- All outstanding advances in excess of \$2,000 are considered a loan by DOL

#### Making of Loans; Payment of Fines

(29 U.S.C. 503)

Sec. 503. (a) No labor organization shall make directly or indirectly any loan or loans to any officer or employee of such organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of \$2,000.

(b) No labor organization or employer shall directly or indirectly pay the fine of any officer or employee convicted of any willful violation of this Act.

(c) Any person who willfully violates this section shall be fined not more than \$2,000 or imprisoned for not more than one year, or both.

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**SAY:** Ok— secondly in regard to properly managing the Local's funds, let's talk LOANS! The ultimate advice here is to JUST SAY NO! AFGE does not recommend making loans to members because recover of defaulted loans is costly and difficult. However, if a local decides to make a loan, you should follow the guidelines written.

They must be approved by the membership;  
The executive board cannot approve loans;  
and a loan cannot be more than \$2,000 per individual.

**SAY:** For any loan, there should be a very clear standard criteria that the Local has adopted. Remember what the Local does for one member, you must do for all members and all outstanding advances in excess of \$2,000 are considered a loan by the DOL.

•**SAY:** Remember, what the Local does for one member, you must do for all members.

### Guilty of a Violation?

- Subject to civil lawsuits in federal or state court for money damages or other appropriate relief.
- Criminal penalties for embezzling or stealing Local property
  - fines up to \$10,000.00
  - imprisonment for up to five years
  - both



**SAY:** Fiduciary responsibilities are federally regulated! So, there are real and intense fines and penalties if they are violated. Consequences could include an officer being personally responsible for losses.... Union officials who violate these federally created fiduciary duties are subject to civil lawsuits in federal or state court for money damages or other appropriate relief. In addition, there are criminal penalties for embezzling or stealing Local property – fines up to \$10,000.00, imprisonment for up to five years, or both.

### Annual Local Audit Checks and Balances



**SAY:** As with any organizations there is a system for checks and balances in regard to finances at AFGE, and that comes in the form of an annual local audit. Each Local is required to conduct an audit at least once a year and make a certification using audit Certification Form 41 to the National Secretary-Treasurer showing that an audit has been completed. It is mandatory that you conduct an audit at the close of each year end, when there is a change in financial officers, or when there is a suspicion of any wrongdoing. Because this is actually so important to the fiduciary process, let's review more details about audits.

### Conducting A Local Audit

- **At least once a year--Mandatory**
  - At the close of each Year End
  - a change in Financial Officers
  - a suspicion of any wrongdoing
- Make a certification using Audit Certification Form 41 to the National Secretary-Treasurer showing that an audit has been completed

**Read information from the slide.**



### Conducting Local Audits

- **Committee Members:**
  - Annual Internal Audit
    - President should appoint an odd number of members (3 or 5) that do not have signature authority on any accounts
  - Annual External Audit
    - May hire outside Accountants or Bookkeepers
  - Monthly Audits by the Financial Officers
    - Savings, Checking, Investment, and Credit Card Account statements to insure all items have been reconciled.
    - Also review checkbook and dues deduction listings

**SAY:** If you haven't done so already, you should make sure that you identify an audit committee or someone to conduct the audit. If you are having an annual internal audit, the President should appoint an odd number of members (3-5) that do not have signature authority on any accounts to this committee. You may hire outside accountants or bookkeepers to perform an annual external audit if you so choose. AFGE suggests that the Financial Officers conduct an audit of the Savings, Checking, Investment, and Credit Card account statements on a monthly basis to ensure that all items have been reconciled. A review of the checkbook and dues deduction listings is also recommended.

### Example of Records Needed to Perform Audit

- Checkbook
- Savings, checking, and investments account statements, cancelled checks, deposit slips, and credit card statements
- Dues deduction listings
- Local constitution and by-laws
- Minutes of local meetings
- LM-2, LM-3, or LM-4 reports for the past 2 years
- IRS 990 EZ or 990 for past two (2) years
- Annual budget
- Prior audit committee reports
- Form W4's for the past two years – payroll
- Current financial roster
- Inventory of all fixed assets (i.e. computer or office furniture)
- Payroll tax returns, forms 940, 941, W-2's and 1099's

**SAY:** Here are some things that are required to conduct an audit  
**DO:** (Read Slide)

### Red Flag Items During an Audit

- One signature checks
- Pre-signed checks by ONE OFFICER
- Checks written out of sequence
- Checks written to CASH
- Checks written to INDIVIDUALS
- Advance payment of salary to employees
- Unbalanced checkbooks with no deposit records

**SAY:** Here are some red flags. If these come up during an audit, sound the alarm, or look more into it. **DO:** (Read Slide)

## Bonding



**SAY:** Bonding is required to protect Unions from financial losses; think of it as an insurance policy that insures an organization against financial loss

## Bonding Requirements

- In order for your bond to be in effect you must
  - conduct an **Annual Audit**
  - submit to AFGE a **Form 41** with a copy of your LM Report and the **approved Annual Budget**.
- The Labor-Management Reporting and Disclosure Act (LMRDA) establishes specific bonding requirements

**SAY:** The Labor-Management Reporting and Disclosure Act (LMRDA) establishes specific bonding requirements to protect Unions from financial losses caused by “fraudulent or dishonest acts” by Union Officers or employees. All AFGE Locals are covered under a blanket bond and charged annually for the coverage.

**SAY:** In order for your bond to be in effect, you must conduct an annual audit and submit to AFGE a Form 41 with a copy of your LM report and the approved annual budget. The Labor-Management Reporting and Disclosure Act (LMRDA) established specific bonding requirements.

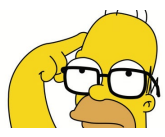
## LMRDA Bonding Requirements

- Required coverage
  - $CA + TR \times 10\%$  = amount of coverage required
  - CA is current assets (cash, investments)
  - TR is total receipts
  - 10% is the amount of coverage required
- AFGE's recommendation
  - $CA + TR \times 100\%$

**SAY:** A bond, like any insurance policy has a maximum recovery amount. Per the Department of Labor, the bond must be equal to at least 10 percent of the Local's assets. A quick formula for computing required coverage is current assets (cash, investments) plus total receipts multiplied by 10%. That is the least amount of coverage you should have. AFGE is strongly recommended that your coverage be 100% of your total assets. All AFGE Locals are covered under a blanket bond and charged annually for the coverage.

IS IT TRUE?  
IS IT FALSE?

Pop Quiz!



**SAY:** POP QUIZ TIME! We have been moving through a lot of content, so this is a good place to test our knowledge here. Use the poll feature or use the chat box to respond to the following true or false statements.

**TRUE or FALSE**

A member of the NEC or any duly authorized representative must give you a 72-hour notice if they desire to look at your records.

1. A member of the NEC or any duly authorized representative must give you a 72-hour notice if they desire to look at your records. **False – all books, records, and financial accounts shall be open to the inspection of the National Executive Council or any duly authorized representative - the Constitution doesn't say anything about advance noticed.**

**TRUE or FALSE**

It is mandatory for the Local to conduct an audit when there is a change in Financial Officers

2. It is mandatory for the Local to conduct an audit when there is a change in Financial Officers? **True – Ask participants what other two times an audit must be conducted – at the close of each year end or when there is a suspicion of any wrongdoing.**

<p style="text-align: center;">True or False</p> <p style="text-align: center;">There are criminal penalties for embezzling or stealing Local property that can include fines up to \$10,000, imprisonment for up to five years, or both.</p>	<p>3. There are criminal penalties for embezzling or stealing Local property that can include fines up to \$10,000, imprisonment for up to five years, or both. <b>True</b></p>
<p style="text-align: center;">True or False</p> <p style="text-align: center;">For your bond to be in effect, you must conduct an annual audit and submit two documents to AFGE; a Form 41 and a copy of LM report.</p>	<p>4. In order for your bond to be in effect, you must conduct an annual audit and submit two documents to AFGE; a Form 41 and a copy of LM report. <b>False – you should submit 3 documents, a Form 41, a copy of your LM report, and the approved annual budget.</b></p>
<p style="text-align: center;">True or False</p> <p style="text-align: center;">Pre-signed checks by one officer is a red flag item during an audit.</p>	<p>5. Pre-signed checks by one officer are a red flag item during an audit. <b>True</b></p>

## Fiduciary Reporting



**SAY:** FIDUCIARY REPORTING causes a lot of stress for many local leaders. BUT it does not have to be stressful nor painful. We do not have time allotted to go into the ins and outs of reporting in this short orientation but just remember to keep yourself organized and understand the process thoroughly. Do not wait until the last minute to get all the information needed to file your reports, these should be kept by the Treasurer throughout the year.

**ASK:** Does anyone have any tips or best practices that they would like to share?

## Required by Federal law LMRDA Says...

(b) Every labor organization shall file annually with the Secretary a financial report signed by its president and treasurer or corresponding principal officers containing the following information in such detail as may be necessary accurately to disclose its financial condition and operations for its preceding fiscal year—

- (1) assets and liabilities at the beginning and end of the fiscal year;
- (2) receipts of any kind and the sources thereof;
- (3) salary, allowances, and other direct or indirect disbursements (including reimbursed expenses) to each officer and also to each employee who, during such fiscal year, received more than \$10,000 in the aggregate from such labor organization and any other labor organization affiliated with it or with which it is affiliated, or which is affiliated with the same national or international labor organization;
- (4) direct and indirect loans made to any officer, employee, or member, which aggregated more than \$250 during the fiscal year, together with a statement of the purpose, security, if any, and arrangements for repayment;

**SAY:**

## Who Do You Report To?

(Also, where to find more information about requirements)



• Internal Revenue Service (IRS)



• Department of Labor (DOL)



• Your Local Membership and AFGE Headquarters

**SAY:** One of the things I want to highlight is who you have to report to. *(Read Slide)*



## Trusteeship

- exists whenever a parent union suspends a subordinate union's constitutional or statutory autonomy
- the parent assumes control over affairs that the subordinate would normally handle itself
- action referred to as an "administratorship," "stewardship," or "supervisorship"
- Even when the suspension of autonomy is only partial, a trusteeship exists and is subject to the LMRDA.

**SAY:** Under law and DoL regulations (§458.26), AFGE may place affiliates in trusteeship for such purposes as (a) correcting corruption or financial malpractice, (b) assuring the performance of negotiated agreements or other duties of a representative of employees, (c) restoring democratic procedures, or (d) otherwise carrying out the legitimate objects of such labor organization. The two most common reasons for trusteeship are that the officers fight so much amongst themselves that the local can't function and the failure to pay per capita tax.

## Trusteeship

- Reasons that are NOT VALID:
  - Section 302 of the LMRDA
- A trusteeship imposed because a local was delinquent in paying a per capita tax increase it was challenging in court;
- A trusteeship imposed to force a local to affiliate with a district council and to raise dues as a result of the affiliation;
- A trusteeship established in bad faith primarily to maintain the status quo in the union and to keep the entrenched leadership in power, even though conditions that had existed in the union for some time would otherwise have been legitimate grounds for imposing a trusteeship;
- A trusteeship established in fear that union members would elect officials who are incompetent or corrupt;
- A trusteeship imposed for the sole purpose of preventing disaffiliation

**SAY:** Under law and DoL regulations (§458.26), AFGE may place affiliates in trusteeship for such purposes as (a) correcting corruption or financial malpractice, (b) assuring the performance of negotiated agreements or other duties of a representative of employees, (c) restoring democratic procedures, or (d) otherwise carrying out the legitimate objects of such labor organization. The two most common reasons for trusteeship are that the officers fight so much amongst themselves that the local can't function and the failure to pay per capita tax.

### Trusteeship

- **Reasons**

- Section 302 of the LMRDA
- Correct corruption or financial malpractice
- Assure the performance of negotiated agreements (collective bargaining) or other duties
- Restore democratic procedures
- Most common
  - Fighting
  - Failure to pay

**SAY:** Under law and DoL regulations (§458.26), AFGE may place affiliates in trusteeship for such purposes as (a) correcting corruption or financial malpractice, (b) assuring the performance of negotiated agreements or other duties of a representative of employees, (c) restoring democratic procedures, or (d) otherwise carrying out the legitimate objects of such labor organization. The two most common reasons for trusteeship are that the officers fight so much amongst themselves that the local can't function and the failure to pay per capita tax.

### Trusteeship

- **When imposed**

- AFGE removes current officers
- Considered valid by DoL for 18 months
- § 458.27 and §458.28

**SAY:** When it imposes trusteeship on a local, AFGE removes the current officers, but must allow the local to elect delegates to national elections. Also, AFGE cannot impose trusteeship to seize assets from locals, except for what the local may owe in per capita or other assessments (§ 458.27). DoL will consider a trusteeship valid for 18 months if AFGE follows its Constitution and there was a fair hearing (§ 458.28)

**SAY:** DOL regulations also impose a number of fiduciary obligations (§§458.31, 458.32, 458.33, 458.34, 458.35) upon local union officers, which we will be covering in greater detail in that section. The overarching principle to take home is that the local's money belongs to the members and should be spent for their benefit as a union.

When you get a chance, read 29 U.S.C. § 501(a). This statute means, among other things, that you should have no conflicts of interest with the local, such as business dealings, nor should your family. While legally the local can lend money to members or officers, it shouldn't. If it does, any loans should not exceed \$2,000 and must be treated like a loan, meaning that it should be pursuant to an agreement that sets up regular payments and interest.

Department of Labor regulations (§458.3 and § 403) require that your local file LM reports, which we will discuss more during the section on Fiduciary Responsibilities. One small point to remember is that you are required to file your constitution and bylaws with it. As a result, your bylaws are a matter of public record.

On a related note, people convicted of certain crimes may not hold union office for thirteen years after conviction or the end of his or her imprisonment, whichever is more recent. The statute

(29 U.S.C. § 504) lists a number of offenses, including bribery, extortion, murder, rape, and violation of narcotics law, but some of the offenses are not as clear. It can get confusing with regard to whether an offense is covered or when the thirteen years begins to run, so if you have any questions about this, you should contact the General Counsel's Office

Thank You for completing  
the  
Local Officers Online  
Orientation

**Do:** Thank everyone for joining, begin to close out the course.



## Resources

**Do:** Here is an opportunity to briefly show everyone where to find materials on the learning management system, local websites, or any relevant websites that may be useful.





**Do:** Stay on for a few minutes in case anyone has any questions that did not get answered in the class before shutting down the zoom session.