



The Labor Advocate

The Labor Community's Source for Department of Labor News

Volume 1, Issue 2

Summer 2004

Happy Labor Day!

Inside this issue:

HERE Receives Hispanic Initiative Grant	2
Skilled Trades Initiative	3
SIU-Crewed Vessel Tour	3
UTU Presidents Sentenced To Jail	3
Union Transparency Reform	4
Retirement Security	4
National Maritime Day Observance	5

Strong Economic News (July 2004 Data)

- 11 straight months of job gains
- 1.5 million new jobs created since August 2003
- The national unemployment rate has declined to 5.5% - down 0.8% from a peak of 6.3% in June 2003 and the lowest rate since October 2001
- The 5.5% unemployment rate is below the average of the 1970s, 1980s, and 1990s
- The manufacturing sector has added 91,000 jobs since its low in Jan. 2004

Overtime Rights Stronger Than Ever

Overtime pay matters to American workers and their families, and since August 23rd, millions more of them have gained overtime rights.

Until now, outdated regulations left millions of workers without the guaranteed overtime protections they deserve. Now, after more than two years of careful deliberation with extensive input from the public, the Department of Labor's reforms to white collar overtime regulations are taking effect.

Although overtime regulations can be a very complicated subject, the basics

of the new reforms are quite simple.

6.7 Million Workers To Benefit

Under the old, outdated regulations, workers earning as little as \$8,060 or \$155 per week could be denied overtime. The new rule nearly triples

this salary threshold, so that workers earning less than \$23,660 or \$455 per week are guaranteed overtime protection no matter what they do or what their job title is. A number of salaried workers earning above this threshold will also gain the right to overtime under the new,

stronger rule. This strengthens overtime protections for 6.7 million salaried workers, including 1.3 million low-wage salaried white collar workers who were not entitled to overtime pay under the previous regulations. Businesses will have to pay an additional \$375 million and workers will gain that amount in additional



Secretary Chao speaks to the Fraternal Order of Police about the new overtime security rules and how first responders are protected. (DOL Photo)

(Continued on page 2)

Plumbers' Pension Fund Trustees Removed

The U.S. Department of Labor filed a consent order on Aug. 2, 2004, ousting four trustees from the board of the Plumbers and Pipefitters National Pension Fund and requiring them to pay \$10.98 million in restitution and

civil penalties in connection with the imprudent management of the fund's

investment in the Diplomat Resort and Country Club in Hollywood, Florida.

Hotline:
(866) 444-3272
To report fraud
in your private-sector
pension and health plans

The settlement resolves allegations against pension trustees Martin J. Madaloni, President of the

(Continued on page 2)

...Overtime Rights Strengthened

(Continued from page 1)

earnings every year.

Explicit Guarantees for Workers

The new overtime security rule, for the first time, also offers explicit guarantees of overtime protection to blue collar workers like carpenters, electricians, mechanics, plumbers, iron workers, operating engineers, longshoremen, and laborers, as well as workers who receive overtime under a union contract. Licensed practical nurses and first responders, such as police officers, fire fighters and EMTs also receive greater protection under the new regulations. Any worker paid on an hourly basis will continue to be guaranteed over-

time pay no matter how much they earn, what job they perform, or what title they hold.

Clarity in Overtime Rules

Because the old regulations hadn't been changed in decades, they were difficult to understand and apply in today's economy, meaning that it was often impossible to determine who should or should not receive overtime. The result was an explosion in lawsuits. The new rule, by contrast, is significantly shorter in length, based on the realities of today's workplaces, and incorporate current court decisions to make it much easier to determine overtime eligibility. This new clarity means that workers won't have to resort to the courts to get the overtime they deserve and employ-

ers can devote money to building their businesses and paying workers, instead of enriching lawyers.

Overtime Rules Have Needed Updating for Decades

Every administration since President Jimmy Carter has recognized the need for updating the overtime rule, but special interest politics and partisan gridlock have always won out-until now. The new overtime security rule restores overtime rights, provides more protection to workers, and allows employers to dedicate money to their employees and businesses instead of lawsuits.

The new rule is now in effect. For information from the agency that enforces the rule, log on to www.dol.gov/fairpay.

HERE Receives Hispanic Initiative Grant

Secretary Chao announced a *National Hispanic Worker Initiative* and awarded the first grant of almost \$1.9 million to the Hotel Employees and Restaurant Employees International Union. HERE will use the grant to train Hispanic workers and other immigrant workers through their Hi-Demand Program for hospitality industry jobs in Las Vegas, Nevada and Atlantic City, New Jersey.

Secretary Chao stated, "The Department's *National Hispanic Worker Initiative* will help our country's Hispanic workers prepare for and find good paying jobs in high growth sectors. Today's grant of \$1.9 million to HERE will help more than 2,000 Hispanic workers in the hospitality industry to receive needed training in language and occupational skills."



Secretary Chao presents a facsimile grant check to HERE President John Wilhelm in Las Vegas while members of the Culinary Training Academy look on. (DOL Photo)

...Plumbers' Union Trustees Ousted

(Continued from page 1)

United Association of Journeymen and Apprentices of the Plumbing and Pipefitters Industry of the United States and Canada; Thomas Patchell, General Secretary-Treasurer of the Plumbers union; Charles H. Carlson, former Chairman of Industrial Piping Company; James A. House, part owner of, J.A. House, Inc., a bank-

rupt refrigerant manufacturing corporation; and Patrick Perno, administrative assistant to the general president of the Plumbers union.

In addition to paying restitution, Madaloni and Patchell have permanently resigned their positions as trustees for the fund and the six other ERISA-covered plans they currently serve as fiduciaries.

Carlson and House have resigned permanently as trustees. Perno, who became a trustee after the project was initiated, may continue to serve as a trustee of the fund, but will recuse himself from any decision concerning the investment of the assets until Dec. 31, 2006. The federal district court in Ft. Lauderdale, Florida must approve the settlement.

Skilled Trades Initiative Launched

With a shortage of workers expected over the next ten years in many of the skilled trades, U.S. Secretary of Labor Elaine L. Chao has joined a diverse group of partners from organized labor and industry to launch the *Skills to Build America's Future* initiative.

Skills to Build America's Future is a nationwide outreach and education effort designed to attract young people and transi-

tioning workers to careers in the skilled trades and to address the growing need for workers in Amer-

ica's construction industry.

Secretary Chao noted that "today we need the skills and talents of a new generation of skilled tradesmen and women. Over the next few years many jobs will be created in the skilled trades, and even more opportunities will open up as the Baby Boom generation retires. The skilled trades offer more than great jobs - they also play a key role in building America's future."



Secretary Chao and labor leaders meet to launch the Skilled Trades Initiative (DOL Photo)

(Continued on page 4)

Secretary Chao Tours SIU-Crewed Patriot

On May 26th, Secretary Chao joined SIU President Michael Sacco in a tour of the Seafarers-crewed *Patriot* in the Port of Baltimore.

Secretary Chao met the SIU crew, including Kyle Pillsworth, who is part of the new DOL-approved Seafarers apprenticeship program.

The *Patriot*, operated by ARC, was loading tractors, trucks, cars, and other vehicles when the tour took place. The ship sailed for Antwerp, Belgium later that day.

This was Secretary Chao's second time aboard an SIU-crewed ship. She toured the *USNS Bellatrix* in New Orleans two years ago.



SIU President Sacco introduces Secretary Chao to the SIU crew on the *Patriot*. (SIU Photo)

UTU Presidents Jailed For Kickbacks From Lawyers

On July 9, 2004, a federal district court judge sentenced two former United Transportation Union presidents to serve two years in prison without parole, pay \$10,000 fines, and forfeit \$100,000 in racketeering proceeds. They will be supervised for three years after release from prison. This case was a result of a Department of Labor investigation.

Former UTU presidents Byron Boyd and Charles Little pled guilty to racketeering conspiracy charges involving a scheme to solicit and collect cash payments from attorneys on the union's designated legal counsel list. Boyd and Little used the money to fund their campaigns for union president and for personal use.

The federal judge also sentenced Ralph Dennis, former director of the United Transportation Union Insurance Association, and John Rookard, former special assistant to Boyd, to serve three years' probation and forfeit \$45,000 in proceeds.

If you suspect financial wrongdoing in your union, contact the Department of Labor toll-free at (866) 4-USA-DOL.

...Addressing the Skilled Trades Gap

(Continued from page 3)

Partners in the initiative include the National Heavy and Highway Alliance and its affiliated international unions, the Construction Industry Round Table, and the National Association of Home Builders. Major League Baseball has also signed as a partner to promote the skilled trades.

Many of the skilled trades are currently facing a shortage of workers and the number of peo-

ple needed to fill these jobs is expected to increase dramatically over the next several years. Operating engineers, carpenters, iron workers, cement masons, bricklayers, truck drivers and many other construction-related crafts are among the trades expected to see the greatest demand in workers over the next 6 years.

For more information on the *Skills to Build America's Future* initiative, log on to www.careervoyages.gov.

Skilled Trades Initiative Partners

National Heavy & Highway Alliance

- Bricklayers
- Carpenters
- Iron Workers
- Laborers'
- Operating Engineers
- Plasterers' and Cement Masons'
- Teamsters

Construction Industry Round Table

National Assoc. of Home Builders

Union Transparency Reform Rule Takes Effect

Effective July 1, 2004, the Department of Labor implemented final rules to strengthen the financial integrity and transparency of labor unions by improving the annual financial disclosure forms filed by the largest unions as required by the Labor-Management Reporting and Disclosure Act (LMRDA).

After receiving and reviewing more than 35,000 public comments, the Department made numerous changes to its initial proposed rule that will reduce the burden on reporting unions, exempt an additional 500 smaller unions from having to file the most detailed financial report, and protect the legitimate privacy interests of union members, as well as the organizing strategies and other

“trade secrets” of affected labor organizations.

Due to changes made in the final rule in response to public comments, only the nation's largest unions - those with \$250,000 or more in annual receipts - will be required to itemize certain receipts and disbursements of \$5,000 or more on their publicly available Form LM-2 annual report.

(Continued on page 5)

Protecting Workers' Benefits Is A Top Priority

Secretary Chao has launched a nationwide campaign to improve workers' health and retirement security by educating employee representatives, employers, and service providers about their fiduciary responsibilities under the

Employee Retirement Income Security Act (ERISA).

“Strong fiduciary oversight and protecting workers' benefits is our highest priority.”

Secretary Chao stated, “Strong fiduciary oversight and protecting workers' benefits is our highest priority. ‘Getting it Right,’ however, can be challenging... Today, we are announcing a series of edu

(Continued on page 5)

...Improved Financial Disclosures Forms For Unions

(Continued from page 4)

The number of reporting categories in the current form will be reduced and will more accurately reflect the services large unions provide to their members. And for the first time, union members will be able to readily obtain information about the financial transactions of large trusts like "joint funds," which are partially financed and managed by their unions. Some union-financed trusts control hundreds of millions of dollars of assets, yet they have no financial accountability or transparency to the union members on whose behalf they are managed.

Over the last several years, the Department has made major strides in converting the LMRDA reporting regime to an electronic system, in response to Congressional mandates. The new rule requires large unions covered by the changes to file their reports electronically or obtain a hardship exemption. The

If You Suspect Fraud In Your

Union's Finances

Contact:

(866) 4-USA-DOL (toll-free)

or e-mail olms-public@dol.gov

Department has developed financial reporting software that it has provided free of charge to covered unions. It has also provided extensive compliance assistance resources to help unions understand the new disclosure requirements and make changes to their accounting and reporting systems. The new rules were effective for annual financial reports for fiscal years beginning on or after July 1, 2004, although no union will have to actually file a report under the new disclosure rule until September 2005. Additional information about the rule and related issues may be found at

...Plan Fiduciaries Must "Get It Right"

(Continued from page 4)

ational seminars to help plan sponsors understand the rules and meet their responsibilities to workers and retirees, thereby improving their financial security."

The "Getting It Right" program emphasizes the obligation of plan sponsors and other fiduciaries to:

- Understand the terms of their plans;
- Select and monitor service providers carefully;
- Make timely contributions to fund benefits;
- Avoid prohibited transactions; and
- Make timely disclosures to

workers and their beneficiaries and reports to the government.

For a brochure or more information on upcoming seminars, call toll-free 866-444-EBSA or log on to www.dol.gov/ebsa.

Secretary Chao Celebrates National Maritime Day

On May 20th, Secretary Chao participated in the National Maritime Day observance for the second year in a row. She released the following statement:

"On this National Maritime Day

2004, I urge all Americans to honor the brave men and women who serve in the United States Merchant Marine and to remember those merchant mariners who have made the ultimate sacrifice and given their lives in the service of our country.

The record of our merchant mariners and their contribution to our nation is long and distinguished. Their history of devoted service-in both war and peace-is an inspiration to every generation of Americans. Their tradition of courage, patriotism and perseverance has become an integral part of

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Check out the Overtime Security Web site at www.dol.gov/fairpay. It's designed to help you understand the Department's Overtime Security rule that strengthens overtime protections.

Under the new Overtime Security rule, workers earning less than \$23,660 per year — or \$455 per week — are guaranteed overtime protection. This will strengthen overtime rights for 6.7 million American workers, including 1.3 million low-wage workers who were denied overtime under the old rules.



United States Department of Labor

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<http://www.dol.gov>*

SKILLED TRADES DAY

Celebrating the men and women
in the construction industry who are building America

MILWAUKEE BREWERS vs. PITTSBURGH PIRATES

Labor Day, September 6, 2004
4:05 p.m.

PNC Park (Pittsburgh, Pennsylvania)

Sponsored by the U.S. Department of Labor

...Merchant Mariners Honored

(Continued from page 5)
our nation's heritage.

Today, merchant mariners are crewing auxiliary vessels for the United States Navy and supporting our troops in Afghanistan and Iraq. Being part of a noble and patriotic profession, these merchant mariners always stand ready to respond to those situations when commercial ships are called upon to support military operations overseas. More than 5,000 brave merchant mariners have put themselves in harm's way to deliver to our troops the combat gear, fuel, and other supplies needed to complete the liberation and reconstruction of Iraq. All told, merchant mariners have delivered more than 2.6 million short tons of

cargo, representing more than 85 percent of the equipment and supplies needed by our brave troops. And true to America's compassionate character, these courageous merchant mariners are also delivering food and supplies to the Iraqi

people.

The United States in the 21st Century is the single largest national economy in the world and a premier force in international trade. America needs a strong U.S.-flag merchant marine to carry our commerce, promote our exports and support our national defense.



Secretary Chao meets with apprentices from the Seafarers Piney Point Training Center after her remarks at the National Maritime Day Observance. (SIU Photo)

National Maritime Day 2004 keeps alive the memory of merchant mariners who sacrificed for us in the past and who honor us today with their committed service. It is altogether fitting to pay our respects to these men and women who have always been ready to assist in America's defense."