



What can LMCC Funds Be Used For?

NECA's August 23, 2024 [bulletin](#), LMCC Contributions to Unions, addressed whether LMCC funds may be used for union-sponsored social and ceremonial events. The broader question for Chapters is what a Labor-Management Cooperation Committee may properly fund.

Section 302 of the Labor Management Relations Act generally prohibits an employer or employer association from providing money or anything of value to a union or employee representative. Section 302(c)(9) provides a limited exception for payments to a plant, area, or industrywide labor-management committee established for one or more purposes identified in the Labor-Management Cooperation Act of 1978.

The key is purpose. LMCC funds are not general relationship funds and the existence of an LMCC does not make every joint expenditure permissible. The expense should support a legitimate labor-management activity, be jointly approved and controlled, and be consistent with the CBA and the LMCC's governing documents.

What the Act Authorizes

The Act permits labor-management committees to pursue the following purposes:

- Improve communication between representatives of labor and management.
- Study new and innovative joint approaches to organizational effectiveness.
- Solve problems of mutual concern that are not susceptible to resolution through collective bargaining.
- Address problems that reduce competitiveness or inhibit economic development in the plant, area, or industry.
- Enhance worker involvement in decisions affecting working lives.
- Expand and improve working relationships between workers and managers.
- Encourage free collective bargaining through continuing labor-management communication.

These purposes are intentionally broad, but they are not unlimited. An expenditure should do more than create goodwill or bring labor and management into the same room. The Chapter and LMCC should be able to explain which statutory purpose the activity advances and how it does so.

Turning a Purpose into a Fundable Project

Federal Mediation and Conciliation Service (FMCS) grant guidance provides a useful model for applying the Act. Although the guidance governs federal grant applications and is not a legal safe harbor for local LMCC expenditures, it focuses on the features that distinguish a genuine labor-management project from an ordinary expense.

A sound LMCC expenditure should generally identify:

- A specific industry or labor-management problem to be addressed.
- The statutory purpose served by the project.
- Meaningful participation and oversight by both labor and management.

- A defined activity, work plan, vendor, or deliverable.
- A reasonable, itemized budget and an expected result.
- Minutes, invoices, and other records showing approval and use of the funds.

This does not require every LMCC activity to resemble a federal grant application. It does require enough structure to show that the LMCC selected and controlled a joint project rather than simply paying an expense presented by one party.

Uses That Generally Fit LMCC Purposes

- Joint research concerning workforce supply, safety, productivity, technology, market conditions, job security, or industry competitiveness.
- Labor-management meetings, facilitated problem-solving, and communication programs addressing a defined issue of mutual concern.
- Jointly controlled industry recruitment, career awareness, public education, marketing, or economic-development programs tied to measurable industry objectives.
- Worker-involvement or organizational-effectiveness initiatives designed and evaluated by both labor and management.
- Reasonable direct costs of operating the LMCC and carrying out an approved project, including research, facilitation, data, communications, and vendor services.

Some activities require additional review. Wage subsidies, market-recovery programs, training, scholarships, employee benefits, legislative activity, and payments to a union or related organization may implicate other legal requirements or a different Section 302 exception. LMCCs should consult through counsel before approving those expenditures. The NECA Field team is also able to assist with any questions on permissible expenditures.

Before Approving an Expenditure

- Is the activity authorized by the CBA and the LMCC's governing documents?
- Which statutory purpose does it advance, and how?
- Will labor and management jointly approve, oversee, and benefit from the project?
- Is the expense direct, reasonable, and tied to a defined activity or result?
- Will the LMCC retain minutes, contracts, invoices, and records showing how the funds were used?

LMCC funds can support a wide range of useful industry initiatives, but they are not freeform. The strongest expenditures are defined joint projects with a clear statutory purpose, direct project costs, and a written record. The weakest are transfers to one party for expenses it would otherwise bear.

Sources: [29 U.S.C. 186](#); [29 U.S.C. 175a](#); and [FMCS Labor-Management Cooperation Program Guidelines](#).

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