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MEMORANDUM FOR REGIONAL ADMINISTRATORS, DIRECTORATES, AND FREE  
STANDING OFFICES

FROM:   
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SUBJECT: VPP Policy Memorandum #5: Further Improvements to the Voluntary  
Protection Programs (VPP)

This memorandum, which supplements the August 3, 2009 memorandum, "Improving the Administration of the Voluntary Protection Programs (VPP)," and subsequent VPP policy memoranda, clarifies actions for the Occupational Safety and Health Administration's (OSHA) Regions in implementing the Agency's continuing efforts to improve the administration of the VPP. The following instructions clarify policy and procedures for the review and evaluation of safety and health incentive programs at VPP applicant and participant worksites. These instructions are effective immediately.

OSHA Instruction CSP 03-01-003, VPP Policies and Procedures Manual, which became effective on April 18, 2008, addresses incentive programs within the context of an employer's proper and accurate recording of injuries and illnesses. Chapter VI Onsite Evaluations, Section III.B.1. Subsections b. and g. stress that incentive programs should promote safety awareness and worker participation in safety-related activities, and must not be the cause of under-reporting of injuries and illnesses. This memo clarifies implementation of this policy to ensure its consistent administration among the Regions.

**Incentives That Promote Injury and Illness Reporting and Worker Involvement**

A positive incentive program encourages or rewards workers for reporting injuries, illnesses, near-misses, or hazards; and/or recognizes, rewards, and thereby encourages worker involvement in the safety and health management system. Such an incentive program can be a good thing and an acceptable part of a VPP-quality safety and health management system. Examples of such positive incentives include providing tee shirts to workers serving on safety and health committees; offering modest rewards for suggesting ways to strengthen safety and health; or throwing a recognition party at the successful completion of company-wide safety and health training.

## **Disincentives That Discourage Injury and Illness Reporting and Worker Involvement**

An incentive program that focuses primarily, or even in small part, on injury and illness numbers often has the effect of discouraging workers from reporting an injury or illness. When an incentive program discourages worker reporting or, in particularly extreme cases, disciplines workers for reporting injuries or hazards, problems remain concealed, investigations do not take place, nothing is learned or corrected, and workers remain exposed to harm. Disincentives to reporting may range from awarding a new car to the manager whose unit has the greatest reduction in incidence rates to rewarding workers with a pizza party for achieving an injury/rate reduction goal or maintaining an injury- and illness-free worksite for a period of time. Regardless of the monetary value of the reward offered, a company whose incentive program has the potential to discourage worker reporting fails to meet the VPP's safety and health management system requirements.

### **Policy Implementation**

New Applications. When faced with a VPP applicant's incentive program containing provisions that could discourage injury and illness reporting, the Regional VPP Manager during the initial application review or the VPP Evaluation Team during the onsite evaluation will advise the applicant of OSHA's position and VPP policy. The applicant may choose to make an immediate change to its incentive program that will bring the program in line with VPP policy. If the applicant needs more than a short/nominal period of time to eliminate the disincentive and/or to revise its program, it would be appropriate to designate this needed improvement as a Merit goal, assuming the applicant qualifies for Merit participation. If the applicant refuses to make the needed change, the Region will recommend that the applicant withdraw its VPP application.

Reapprovals. If the Regional VPP Manager during review of a Star participant's annual self-evaluation identifies a problem in the participant's incentive program, or if a VPP Evaluation Team uncovers disincentives to injury and illness reporting during its document review and employee interviews, the participant will be given the opportunity to bring its incentive program in line with VPP policy consistent with a 90-day item. Following the 90-day period during which the participant must eliminate the disincentive and/or revise its program, the Regional Administrator may choose to place the participant on Star One-Year Conditional status and require the participant to demonstrate one year of effective implementation of the program change. A participant's refusal to make the recommended improvement to its incentive program is grounds for VPP termination. The established termination procedures will apply, including the Regional Administrator's written notice of intent to terminate and the participant's right to appeal in writing to the Assistant Secretary.

VPP and its participants have the opportunity to lead the way by example and to effect positive and creative change throughout their industries. By working cooperatively, OSHA and its VPP partners can demonstrate that good incentive programs, which emphasize positive worker involvement in safety and health activities and conscientious hazard reporting and correction, can be one element in an effective injury and illness prevention program.