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Further Improvements to VPP - 8/14/14

August 14, 2014

MEMORANDUM FOR REGIONAL ADMINISTRATORS, DIRECTORATES, AND FREE STANDING OFFICES

FROM: DAVID MICHAELS, PhD, MPH

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

This memorandum replaces VPP Policy Memorandum #5: Further Improvements to the Voluntary Protection Programs (VPP) dated June 29, 2011, and includes regional guidance on evaluating safety and health incentive programs (See attached Appendix A).

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 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 paid time off to a unit that has the greatest reduction in incidence rates to rewarding workers with a celebration for achieving an injury/rate reduction goal or maintaining an injury-and illness-free worksite for a period of time. A site 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 this incentive 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 does not agree to make the needed change, the Region will recommend that the applicant withdraw its VPP application.

Reapprovals. If the Regional VPP Manager identifies a problem in the participant's incentive program during review of a Star participant's annual self-evaluation, 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 modify its incentive program 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

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 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 proactive 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.

Appendix A provides policy guidance on evaluating incentive programs.

APPENDIX A

Policy Guidance on Evaluating Incentive Programs

Staff evaluating incentive programs, and in particular, corporate bonus programs should use the guidance outlined below in making final decisions regarding whether a program meets the intent of this Memorandum. OSHA does not want to exclude participants from VPP simply because an incentive program does not meet the intent of this memorandum. OSHA staff is encouraged to work with companies to modify their incentive programs and to craft a program that will work for the company and is aligned with the policy outlined in this Memorandum. OSHA will look closely at the organizational structure, incentive program structure, and the use of injury and illness rates in a calculated metric (e.g., overall EH&S metric) in determining compliance with this memo.

Incentive Program Structure	Organizational Level Rewarded	Action to be taken
Based solely on local worksite injury and illness rate outcomes (i.e. increase, decrease, etc)	Employee, Supervisor, Lower-Level Management	Requires program revision
	General Manager, Plant Manager	Evaluate on a case-by-case basis. Review injury and illness data and reporting practices for evidence of underreporting
	President, Vice Presidents	Review program but normally outside of the intent of Memo#5 and is acceptable
Based on a performance model that includes multiple worksites' injury and illness rates as one factor in the overall model	Employee, Supervisor, Site Management	Evaluate on a case-by-case basis. Review injury and illness data and reporting practices for evidence of underreporting
	Division/Sector Management, President, Vice Presidents	Review program but normally outside of the intent of Memo#5 and is acceptable
Based on Division/Unit overall performance that includes injury & illness rates across multiple locations as one factor in the overall model	All employees	Evaluate on a case-by-case basis. Review injury and illness data and reporting practices for evidence of underreporting
Based on a Corporate wide performance model that includes injury & illness rates as a one factor in the overall model	All employees	Review program but normally outside of the intent of Memo#5 and is acceptable

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The flow chart below outlines general guidance determining the impact of an incentive program and its compliance with Memo #5.

Decision Flowchart

