

# A Brief Overview of Occupational Safety and Health Administration

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# USAID ARMENIA SOCIAL PROTECTION SYSTEMS STRENGTHENING PROJECT

## A Brief Overview of the Occupational Safety and Health Administration (OSHA)

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## **A Brief Overview of the Occupational Safety and Health Administration (OSHA)**

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### *Introduction*

Nearly all workers in the United States are under the jurisdiction of the Occupational Safety and Health Administration (OSHA), which is currently responsible for protecting over 100 million workers at 6 million work sites. While there is debate over OSHA’s contribution to the substantial improvement of workplace safety in the United States, there is no doubt that its work has contributed to raising awareness of workplace safety and assisting the private sector in creating safe environments for its workers.

As this brief overview will show, while OSHA’s mission to protect American workers has remained the same, its structure and operations have changed substantially over the past 35 years. One of the most important lessons of OSHA’s experience is that, while the Administration has established itself as a leader in promoting occupational safety, it still has many internal and organizational issues of its own and must continually reinvent itself to better serve the needs of businesses and workers. OSHA’s experience and experimentation with different philosophies and operations thus contains several lessons for the Armenian Labor Inspectorate as it also attempts to create standards and improve enforcement in the area of health and safety.

### *Creation of OSHA*

The Occupational Safety and Health Administration (OSHA), a branch of the US Department of Labor, was created and is governed by the Occupational Safety and Health (OSH) Act of 1970. It began operations at the end of 1971 and was given the responsibility of “assur[ing] as far as possible to every working man and woman in the nation safe and healthful working conditions.” OSHA’s main activities in achieving this goal were through the creation and promulgation of standards in both health and worker safety, through enforcement in the form of inspections to check for compliance, and through coordination with the states to help oversee activities at the local level. A very small part of the mission of OSHA was defined as assistance and education on federal labor laws, with the bulk of the budget and employment originally oriented in the enforcement bureaus. Analysis and research about workplace injuries and illnesses was to be provided through a sister institution, the National Institute for Occupational Safety and Health (NIOSH), created at the same time as OSHA.

As in every country, the creation of an agency to oversee and enforce occupational safety was viewed differently by different stakeholders. The original push for creating OSHA came about from employees and labor unions, while “employers were concerned about the competence of OSHA inspectors, the costs of compliance with federal standards, and the burden on business of meeting [OSHA’s] requirements to report and record injuries, illnesses and deaths on the job.”

Over the years, this tripartite relationship between OSHA, labor, and employers has undergone several changes; however, as knowledge of regulations has increased, and as OSHA has changed its working style to include more stakeholder participation, the relationship has evolved into a more cooperative and less adversarial one than it had been in the past. The evolution of the tripartite relationship has also been reliant on the institutional changes within the Administration.

*Organization and Management*

OSHA is organized as a division of the US Department of Labor, headed by an Assistant Secretary of the DOL. Under the Assistant Secretary are 8 Directorates (see Chart 1), which are then further subdivided into offices with specific competencies. The budget of OSHA for 2007 and 2008 (see Table 1) is still heavily weighted towards enforcement at the federal level, with the next largest slices of funding utilized to help the states implement standards and inspections at the local level. Behind these activities is a substantial sum devoted to compliance assistance and working with the private sector in raising standards.

Table 1  
Occupational Safety and Health Administration Budget 2007 and Proposed 2008  
(Millions of dollars)

	FY 2007	FY 2008	Change
Safety and Health Standards	\$16.50	\$16.90	\$0.4
Federal Enforcement	\$172.6	\$183.0	\$10.4
State Programs	\$91.1	\$91.1	\$0.0
Technical Support	\$21.4	\$22.1	\$0.7
Federal Compliance Assistance	\$72.5	\$79.6	\$7.1
State Consultation Grants	\$53.3	\$54.5	\$1.2
Training Grants	\$2.6	\$0.0	-\$2.6
Safety and Health Statistics	\$31.8	\$32.1	\$0.3
Executive Direction and Administration	\$10.6	\$11.0	\$0.4
<b>Total, OSHA Budget Authority</b>	<b>\$472.40</b>	<b>\$490.30</b>	<b>\$17.90</b>

Source: US Department of Labor Fiscal Year 2008 Budget Overview.

Management within the Administration has been mostly driven by the personalities of the Assistant Secretary and the Secretary of Labor and the focus of the current President, but OSHA has begun to innovate in the adoption of differing management systems over the past two decades. Assistant Secretary Thorne G. Auchter created an Integrated Management System (IMS) for OSHA concurrently with a reorganization of the functional units within the Administration at the outset of the Reagan administration. The IMS, later refined and augmented into an Integrated Management Information System (IMIS), tracks programs and provides accountability through assigning goals and defining outcomes that could be measured. The current OSHA IMIS supports a national consolidated database system for collecting, manipulating, maintaining, and retrieving enforcement, consultation, and discrimination data.

The national database contains a variety of information, including inspection history for specific establishments, citations issued, penalties assessed and paid, accidents and injuries, standards cited, complaints received and investigated, referrals, cases contested, State Programs activities, Federal Agency Programs activities, consultation visits, and discrimination investigations.<sup>1</sup>

Alongside the IMIS, and as part of a federal effort to track performance, OSHA was a lead agency in creating strategic planning documents under the Government Performance and Results Act of 1993.<sup>2</sup> Originally created in the 1980s as a set of program indicators developed specifically for the head of OSHA to chart progress in achieving goals, the performance management plan (later turned into a strategic management plan) became a concrete way for OSHA to measure its progress towards its three strategic goals: 1) to use **commonsense approaches** to eliminate hazards through offering partnerships or traditional enforcement; 2) to implement **commonsense regulations** and other alternative approaches to address emerging and priority health and safety issues; and 3) to **get the job done** by focusing program and delivery systems, using internal and external partnerships, to achieve results. Increased data analysis within OSHA, tracking of quantitative and qualitative indicators related to pre-agreed metrics, and design of better systems to track these metrics formed the goal of the strategic planning process, and has helped the management of OSHA immensely.

### *Standards*

The Occupational Safety and Health Act of 1970 authorizes OSHA "to set mandatory occupational safety and health standards applicable to businesses affecting interstate commerce" through public rulemaking. The impetus for creation of new standards can come from a variety of sources, including:

- OSHA;
- Congress;
- Information from the Department of Health and Human Services' National Institute for Occupational Safety and Health (NIOSH);
- Environmental Protection Agency's Toxic Substances Control Act (TOSCA) referral;
- Public petitions; or
- Requests from OSHA advisory committees.

Controversy over OSHA's health standards in its first decade centered on two specific areas, the scientific justification for their existence and the cost of compliance that the standards placed on businesses. In order to address these complaints from the public and the business community, standards were required from 1977 onward to state scientific facts as part of this justification, including the safe level of an element based on the best available evidence. This recourse to the scientific community is not complete, however; while OSHA must support its finding that a certain level of risk exists with substantial evidence, it has leeway on determining that a risk is "significant" and is not required to support its finding that a significant risk exists with

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<sup>1</sup> Currently, IMIS information is provided to the Public primarily in hardcopy format or on other media, such as disk or tape. In addition, several IMIS applications are available on the OSHA Website at <http://www.osha.gov/readingroom.html>.

<sup>2</sup> The Government Performance and Results Act of 1993 was an attempt to introduce performance monitoring standards across the entire US government, and several pilot agencies, including OSHA, were selected to create strategic planning documents.

“scientific certainty.” This leeway has led to examples of overzealous regulation (most recently in the issuance of ergonomics standards), but OSHA has moved closer to scientific rules to determine standard-setting.

Concurrent with this shift towards scientific rigor, the idea of cost/benefit analysis was also incorporated into planning of standards to address economic considerations: the guiding principle being that the benefits to workers from a particular standard should exceed the costs to society of those same workers. While adoption of cost/benefit is prohibited in terms of health standards (OSHA is legally obligated to protect workers to the maximum extent possible), OSHA has integrated this explicit acknowledgement of real economic cost for businesses to refine its work in safety standards. As part of the realization that standards impose real cost, OSHA has also moved towards tailoring compliance measures to fit industries and firms. Starting in the 1980s, the period of time which industry was given in order to meet a safety or health standard could be lengthened to give smaller companies time to meet the standard. In this way, economic considerations were recognized with no sacrifice of health or safety.

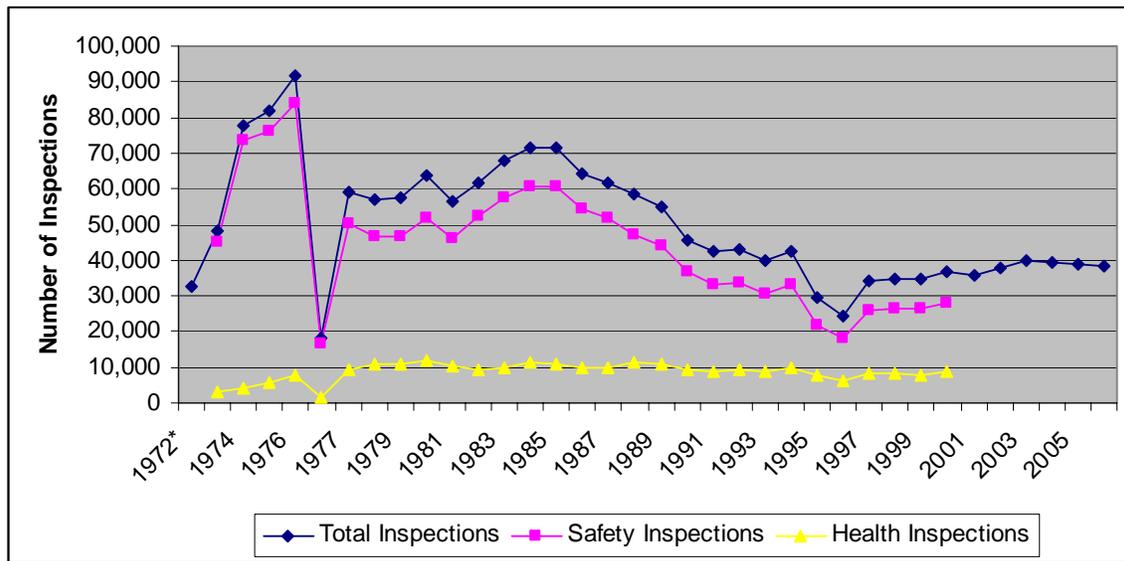
The biggest improvement in OSHA’s standard-setting abilities has come in its consultation with industry and labor during the creation of a new standard. OSHA currently begins work on a new standard by forming an advisory committee that has stakeholder involvement, including industry and labor, which meet to hammer out an agreement serving as the basis for a proposed rule. This process is intended to shorten the time for making a rule, provide full public comment on the issues, and finally to discourage legal challenges to the final standard. This system also has the advantage of allowing industry and organized labor to meet in a less-charged environment and publicly discuss issues of importance to each other. While the standard-setting process has still proven contentious, there is a greater sense of cooperation over the past ten years than was seen in OSHA’s early days.

### *Inspections*

Currently OSHA has approximately 1500 inspectors (coupled with its partners in state governments, there are approximately 2100 inspectors throughout the country). These inspectors are supported by complaint discrimination investigators, engineers, physicians, educators, standards writers, and other technical and support personnel spread over more than 200 offices throughout the United States. Inspectors are responsible for conducting approximately 40,000 inspections per year, a number that steadily declined throughout the first two decades of OSHA’s existence and now has begun to level off (see Figure 1).

The OSHA approach to enforcement was fairly rigid in its first few years of existence: inspections were carried out in a rather haphazard manner with the attempt of “policing” American firms, and those found to be not complying were penalized and faced their operations being shut down unless they were brought up to standard. These early inspections and unfamiliarity of businesses with the occupational inspection process created the perception of inspectors as uncaring and untrained, focusing exclusively on minor issues and threatening businesses with closure. This early emphasis on penalties did not improve the relationship between OSHA and employers, and many businesses wrote to their Congressmen and put public pressure on OSHA to either exempt small businesses or relax their procedures.

Figure 1 - Number of OSHA Inspections versus Violations, 1972-2006



Source: OSHA Integrated Management Information System. After 2000, inspections were disaggregated by industry and severity but not by safety or health.

By the late 1970s, the inspection process had changed somewhat, as special training programs within the Administration focused on improving the qualifications and competence of those already on the OSHA staff. Safety (labor) inspectors were trained in the basics of occupational health, and “compartment training” was offered to standardize behavior of inspectors and treat businesses with respect. Finally, to rectify earlier failures to provide the technical information needed in enforcing complex safety and health standards, OSHA developed a data center to answer questions from inspectors in the field so they could make quick decisions on-site based on up to date information.

The major change in inspection policy came at the beginning of the 1980s, as OSHA concentrated more effectively on inspecting the most dangerous and unhealthy workplaces. Early analysis within OSHA during its first decade had noted that there was no solid evidence that the 80% of OSHA’s budget spent on enforcement was making workplaces any safer. This was because, despite limited earlier efforts such as the "Target Industries" and "Target Health Hazards" programs, OSHA had not systematically aimed its efforts at the 30% of all workplaces which reported worker casualties.

Over the past two decades, OSHA shifted towards inspecting the most hazardous industries, redirecting its resources so that 95% of all inspections would be in the industry groups with the most serious health and safety problems. Under the strategic planning process, specific industries were identified as being high risk, and inspections were targeted in these areas; for example, OSHA’s 2003 Strategic Management Plan (SMP) noted 7 industries were to be under the magnifying glass for the next five years:

- Landscaping and Horticultural Services
- Oil and Gas Field Services

- Fruit and Vegetable Processing
- Blast Furnace and Basic Steel Products
- Ship and Boat Building and Repair
- Public Warehousing and Storage
- Concrete and Concrete Products

The results from the high risk inspections have been impressive to this point, as the average decline in the total injury and illness rates has been higher in firms that OSHA targeted as “hazardous” than those that have not received such treatment. As an example, from 1989-94, injury and illness rates declined 23.3% for the manufacturing industries with the highest number of establishments receiving onsite interventions and 16.3% for the construction industries that received the highest number of onsite interventions. Additionally, there was a decrease of 22.8% in injuries in the manufacturing sector for establishments who requested technical assistance from OSHA voluntarily (the so-called “consultation visit”).

While OSHA has made some strides towards this risk-based inspections, it still has a long way to go to equal the success of other countries in the world. As an example, the seven industries identified in the 2003 strategic document accounted for only approximately 3% of all inspections undertaken in 2005. The identification of industries based on a risk-management basis, however, and their inclusion in strategic planning is an important step to making regulations more effective.

In addition to the change of focus from broad-based inspections to risk-based, OSHA also altered the inspection planning process to move away from the policing model to a more cooperative approach. OSHA at present conducts three types of inspections:

- Programmed, or planned, inspections, according to the annual work plan;
- Non-programmed inspections, which include complaints, follow-ups, referral inspections, and accident and criminal investigations; and
- Consultation visits, which are far less intrusive and initiated at the behest of the firm itself.

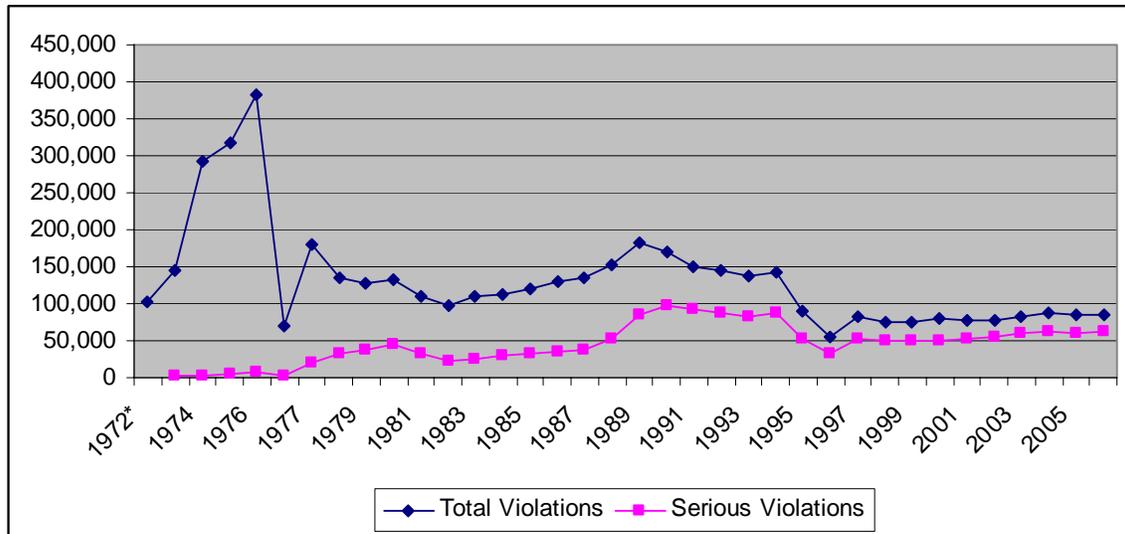
The shift in inspections over the past decade has been towards more consultation visits, but programmed inspections (including the risk-based determinations) still make up the overwhelming majority of inspections. The consultation visits have also been institutionalized into the Voluntary Protection Program (VPP), which establishes cooperative relationships among management, labor, and OSHA at workplaces that have already implemented a comprehensive safety and health management system. Approval into VPP is OSHA’s official recognition of the efforts of employers and employees who have achieved exemplary occupational safety and health, and has continued for a decade to help provide technical assistance in compliance and safety.

#### *OSHA's Impact on American Workplace Safety*

Perhaps the greatest debate on OSHA’s work hinges on its effectiveness in achieving its mission of greater worker safety. Early results of OSHA were found via economic studies and from OSHA’s internal evaluations to be poor; from 1973-1979, there was no noticeable change in

worker injuries or accidents that could be attributed to the presence of OSHA. A 1974 report from the US Senate committee overseeing OSHA noted “wide regional variations in strictness of inspections, frequent failure to cite obvious violations, and the absence of any way for OSHA to measure its effect on the nation's workplaces.” Yet studies conducted in the 1980s and the 1990s found that workplace safety had improved in the United States, and at least a small portion of this was attributable to OSHA. However, the manner in which OSHA had contributed was not necessarily through broad inspections and increased fines, it was through OSHA’s work in helping to raise awareness and strengthen societal dedication to worker safety.

Figure 2 – Violations Issued by OSHA, 1972-2006

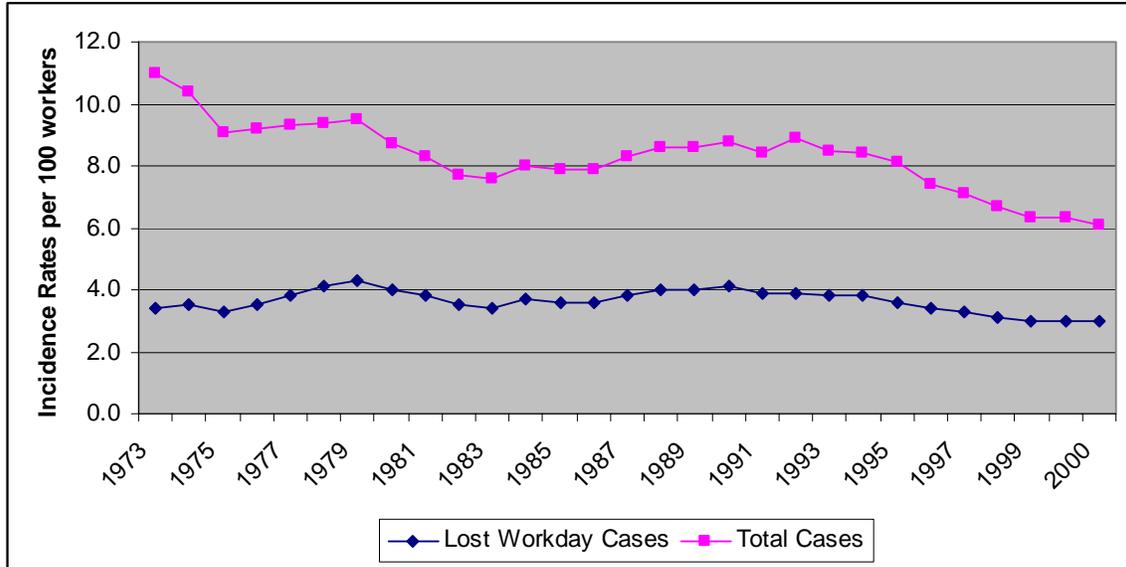


Source: OSHA Department of Statistics, OSHA Enforcement Results for FY2005 and 2006.

As Figure 2 shows, if we measure workplace safety as a function of violations issued by OSHA, violations have markedly decreased from 1972; of course, this could mean many things, including better evasion by private firms, increased compliance, continued inability of OSHA to target noncompliance, or irrelevant standards (if a majority of firms are already complying). Figure 3, on the other hand, shows a much better metric, that of injuries occurring on the job during each year. While this can also be subject to measurement error, it is the best metric available for the safety and health of a workforce, and while lost workdays have remained steady, total cases of injuries dramatically decreased over OSHA’s tenure.

The relationship between OSHA and the decline in workplace injuries from these figures and from statistical analysis is still not clear, however, as injuries and fatalities were already on a downward slope for 40 years before OSHA was created (see Figure 4). Rigorous analysis by American economists has found that OSHA has made two contributions to workplace safety: first, targeted use of inspections helped targeted industries clean-up proportionally more than non-targeted industries. In hazardous firms, the threat of fines for **continued** noncompliance helped firms to strive to avoid noncompliance in the first instance. Thus, targeted inspections played an important role in making hazardous industries less hazardous and assisting them in protecting their workers to the fullest extent possible.

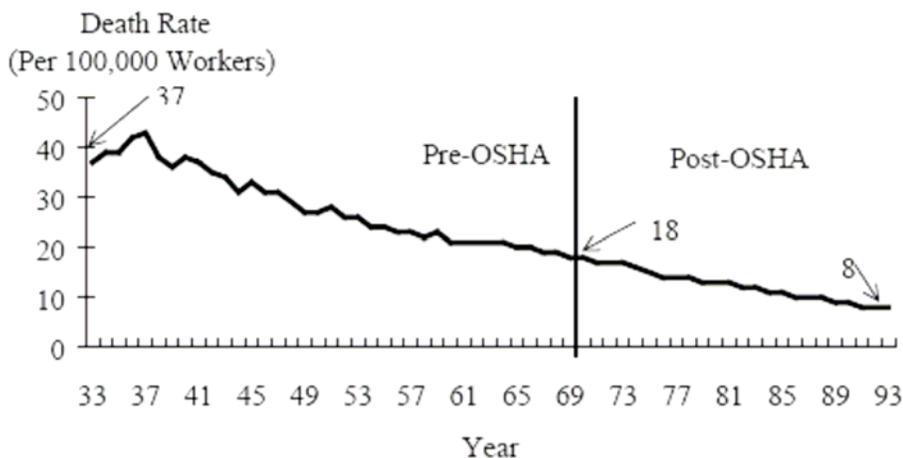
Figure 3 – Illness and Injuries in the Workplace Rates of Incidence



Source: OSHA Department of Statistics, OSHA Enforcement Results for FY2005 and 2006.

The second and most important result from this analysis appears to be that OSHA was able to influence the culture of the private sector even though it did not have the resources or the will to inspect every firm. OSHA is but one pillar of the worker protection system developed in the United States, with tort laws, state Workers' Compensation insurance programs, and the research and public education programs of NIOSH also providing valuable assistance to reaching the goal of worker safety. OSHA's work helped to develop awareness among workers and reinforce these other pillars. Moreover, its presence and political will behind it, coupled with the public being able to check its work (through the legislative process and the oversight of Congress) helped to increase the visibility of worker safety throughout the country.

Figure 4 – Workplace fatalities in America, 1933-93



Source: Thomas J. Kneisner and John D. Leeth, "Workplace Safety Policy: Past, Present, and Future," Center for Policy Research at the Maxwell School of Citizenship and Public Affairs Policy Brief No. 19 (2000), based on data from the National Safety Council, *Accident Facts, 1994 Edition*.

FURTHER READING (IN ENGLISH):

David Weil, “If OSHA is So Bad, Why is Compliance So Good?” *Rand Journal of Economics*, Vol. 27 No. 3 (Autumn 1996).

US Department of Labor Occupational Safety and Health Administration (OSHA) Website:  
[www.osha.gov](http://www.osha.gov)

W. Kip Viscusi, “The impact of occupational safety and health regulation: 1973–1983,” *Rand Journal of Economics*, Vol. 17 No. 4 (Winter 1986).

CHART 1 – OSHA ORGANIZATIONAL CHART

