

October 2001

**WORKPLACE
SAFETY AND
HEALTH**

**OSHA Should
Strengthen the
Management of Its
Consultation Program**



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Abbreviations

BLS	Bureau of Labor Statistics
CAM	Consultation Activity Measures Report
GPRA	Government Performance and Results Act of 1993
IMIS	Integrated Management Information System
MARC	Mandated Activities Report for Consultation
OMB	Office of Management and Budget
OPTMS	OSHA Performance and Tracking Measurement System
OSHA	Occupational Safety and Health Administration



October 12, 2001

Congressional Committees

The Department of Labor's Occupational Safety and Health Administration (OSHA) is the federal agency with primary responsibility for promoting workplace safety and health. OSHA is known for conducting workplace inspections that can result in fines if employers are not in compliance with applicable safety and health regulations. The agency also operates a less publicized effort, the Consultation Program, which is targeted to small employers in hazardous industries who voluntarily request a consultation to identify and eliminate workplace hazards that could cause injuries and illnesses to workers.¹ The consultation is provided free of charge, and information obtained from a consultation is treated as confidential. In return, the employer agrees to remedy, within a reasonable time frame, any serious hazards identified by the consultant. If these hazards are not remedied within a reasonable time frame, consultants will refer the employer to OSHA for an inspection. In fiscal year 2000, the program accounted for about 26,000 consultation visits.

To carry out the program, OSHA provides funds to 50² state consultation programs³ that are responsible for conducting the consultation visits. Between fiscal years 1996 and 2001, program funding increased over 50 percent—from \$32.4 million to \$48.8 million. By fiscal year 2001, the Consultation Program's funding accounted for over 11 percent of OSHA's total budget. However, from fiscal years 1996 to 2000 (the last year for which complete activity data is available), employer requests for consultation visits increased only about 4 percent. This discrepancy between funding and employer interest has led to questions about the

¹The Consultation Program defines a small employer as one with no more than 250 workers at the workplace where the consultation is conducted and no more than 500 workers companywide.

²This includes 48 states (excluding Kentucky and Washington), the District of Columbia, and Guam. These programs are authorized under section 21(d) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 670(d)). Kentucky, Washington, Puerto Rico, and the Virgin Islands operate consultation programs that are authorized under section 23(g) of the act (29 U.S.C. 672(g)). For programmatic purposes, these latter programs are distinct from the nationwide Consultation Program.

³For purposes of this report, we refer to all consultation programs, including those located in the District of Columbia and Guam, as "state consultation programs."

program's operation and OSHA's management of it. To help address these concerns, we initiated this work to (1) identify the factors affecting employers' decisions to participate in the program, (2) assess OSHA's ability to measure the Consultation Program's progress toward achieving the agency's goals for reducing workplace injuries and illnesses, and (3) determine how well OSHA's funding allocation and monitoring processes encourage states to support achievement of agency goals. This report is being addressed to committees that have jurisdiction over federal efforts to promote workplace safety and health.

To identify factors affecting employer participation in the Consultation Program, we conducted structured interviews with associations representing employers and employees in industries that had high rates of injuries or illnesses among their workers or that were targeted by OSHA for inspection or participation in the program.⁴ We also interviewed 17 employers who had participated in the California, Maine, or New York consultation programs.⁵ To assess OSHA's ability to measure the program's progress toward meeting the agency's goals and to ensure that the funding allocation process supports the achievement of those goals, we identified OSHA's program and financial oversight policies and procedures and reviewed activity and budget data.⁶ We also obtained data on program expenditures from all programs experiencing declining levels of activity as defined by total visits.⁷ We interviewed OSHA headquarters officials in Washington, D.C., and at 6 of the agency's 10 regional offices to assess how these policies and procedures were implemented in the field. To obtain information on how programs operate at the local level and pursue our objectives with state officials, we visited seven state consultation programs that accounted for nearly 30 percent of fiscal year

⁴These sectors were construction, food and kindred products, lumber and wood products, metal products manufacturing, motor freight transportation, and health services.

⁵We chose these states for our employer interviews because, during fiscal years 1996-2000, California and New York had the two largest consultation programs, and the Maine consultation program was among the fastest growing programs in terms of initial consultation visits.

⁶Because Arizona, Indiana, Nevada, and New Mexico joined the Consultation Program in fiscal year 1999, we were unable to include them in our analyses of program activity or funding levels.

⁷We obtained data on program expenditures from 16 state consultation programs. These are the programs in Arkansas, California, Connecticut, Delaware, District of Columbia, Florida, Iowa, Maryland, Michigan, New Hampshire, New York, North Dakota, South Dakota, Tennessee, Utah, and Wisconsin.

2000 federal funds allocated to all 50 programs and represented a cross-section of approaches to program implementation.⁸ At each location, we interviewed program officials and analyzed program and financial data. We conducted our work in accordance with generally accepted government auditing standards between January 2001 and August 2001.

Results in Brief

Several factors affect employers' decisions to participate in the Consultation Program. According to industry associations, employee representatives, and participating employers we interviewed, the two principal incentives for program participation are to (1) make the employer's workplace safer and reduce worker injury and illness by promoting workplace safety and health and (2) prepare the employer's workplace for an OSHA inspection. In contrast, the potentially high cost of correcting hazards and the possibility that program consultants would lack the competence to adequately identify and remedy hazards are the two principal disincentives.

OSHA is generally unable to measure the Consultation Program's progress toward the achievement of OSHA's key goals related to reducing workplace injuries and illnesses. This is primarily because the measurement system OSHA uses lacks the data necessary to separate the outcomes of the Consultation Program from the outcomes of OSHA's other efforts to reduce workplace injuries and illnesses. Lacking necessary data, OSHA cannot determine whether injuries and illnesses actually decline at an employer's work site after a consultation visit takes place. Moreover, OSHA and state consultation program officials agree that the agency's data collection system for measuring program activity is burdensome and inefficient. For example, officials of one state program told us that the program could increase the number of consultations they conduct by as much as 20 percent if federal OSHA reporting requirements were reduced. State program officials also said that there are so many data elements measured that it is difficult to know which program activities should receive priority.

OSHA's process for allocating funds to the state consultation programs plays no role in encouraging participating states to achieve agency goals. The criteria OSHA uses to allocate funds to state consultation programs do not consider performance; that is, achievement of agency goals, how many

⁸The state consultation programs we visited were California, District of Columbia, Maine, Maryland, New Jersey, New York, and Pennsylvania.

consultation-related activities a state consultation program has done in the past year, or a program's ability to use the funds allocated for these activities. For example, during fiscal years 1996-2000, all state consultation programs received increases in program funds, even though 16 programs decreased their level of activity during this period. In addition, OSHA's regional offices lack detailed data on how state consultation programs spend federal funds because they have inconsistent policies for auditing the financial performance of these programs; some regions conduct audits every year, while others had not audited state programs under their jurisdiction for 5 years. They also lack ready access to detailed information on how state consultation programs spend the federal funds. As a result, OSHA does not know the extent to which state consultation programs are making effective use of allocated funds.

We are making recommendations to OSHA to strengthen its management of the Consultation Program by improving its processes for measuring the program's contribution toward achieving OSHA goals and ensuring that the allocation of funds to the state programs supports attainment of these goals.

In commenting on a draft of this report, OSHA generally agreed with our recommendations and said the report would help improve the Consultation Program. However, OSHA noted that, in its view, current federal law for program evaluation does not require the agency to measure the contribution of individual programs toward achieving its agencywide goals. Nonetheless, OSHA agrees that it needs measurement criteria for the program and will look for opportunities to examine its effectiveness.

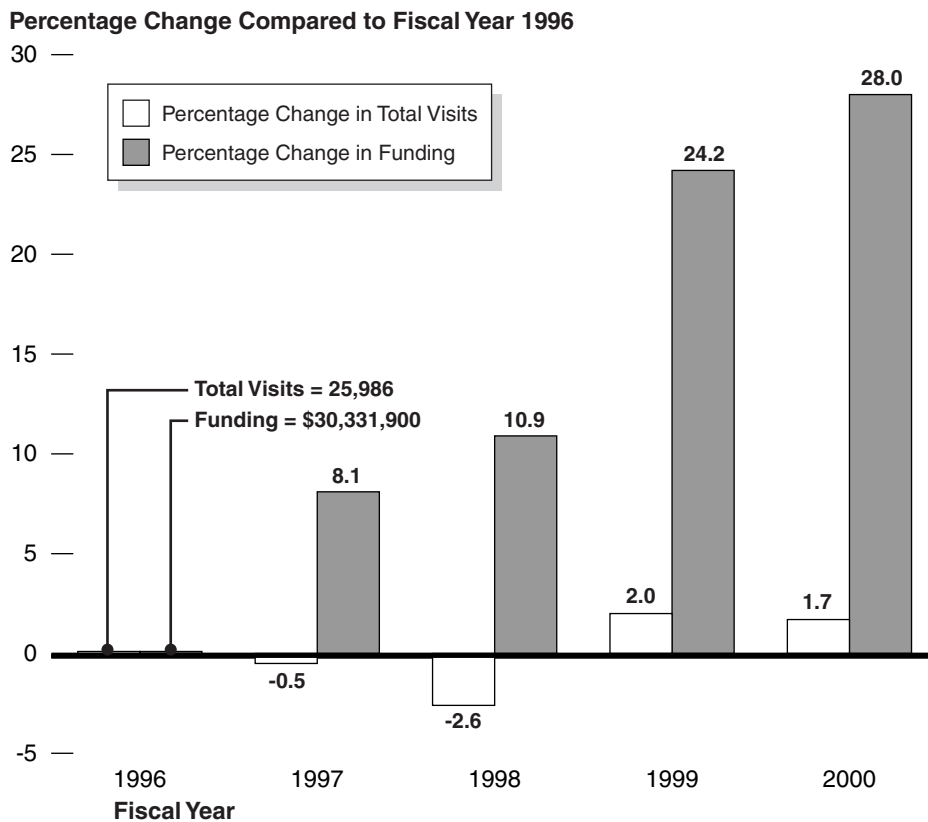
Background

OSHA established the Consultation Program in 1975 as a mechanism, separate from its enforcement program, to reduce workplace injuries and illnesses, especially for small employers who often cannot afford in-house or private sources of assistance. The program operated in the shadow of OSHA's much larger and more visible enforcement program until the mid-1990s, when OSHA began to give greater emphasis to consultation. Consistent with that emphasis, funding for the Consultation Program increased over 50 percent between fiscal years 1996 and 2001.⁹ Many knowledgeable officials see this trend toward cooperation as enhancing OSHA's overall efforts to protect workplace safety and health.

⁹This includes cost-of-living allowances.

However, program activity for the same period did not increase substantially with the increase in funding. For example, the number of total consultation visits increased about 2 percent nationwide between fiscal years 1996 and 2000 (the last year for which complete program data are available)—from 25,986 to 26,418. Further, the number of total hazards identified through the program decreased about 8 percent—from 188,577 to 171,167. Figure 1 shows the yearly change in funding compared with the change in the number of total visits from fiscal years 1996 to 2000.

Figure 1: Yearly Changes in OSHA Consultation Program Funding and Total Visits



Notes: Total visits include initial visits to employers plus training and other follow-up visits. This figure does not include funding or activity data for Arizona, Indiana, Nevada, and New Mexico because they joined the Consultation Program in fiscal year 1999.

Source: OSHA data.

With one exception, each state has designated a single agency (i.e., labor, commerce, health, or environmental protection) or a state university to deliver the consultation services.¹⁰ The state entities running this program have significant flexibility for delivering the consultations. However, there are procedures and requirements codified in regulation that each state consultation program must follow.¹¹ State consultation programs are required, for example, to give service priority to small, high-hazard employers and ensure that worker representatives are involved in initial and closeout meetings with the employer.

With the passage of the Government Performance and Results Act of 1993 (GPRA), OSHA established three agencywide strategic goals related to improving workplace safety and health. The first goal, in particular, is to “improve workplace safety and health for all workers as evidenced by fewer hazards, reduced exposures, and fewer illnesses, injuries, and fatalities.” Under this strategic goal, OSHA established several performance goals, most recently for fiscal years 1997-2002, that contained specific objectives for reducing workplace injuries, illnesses, and fatalities. As shown in table 1, OSHA has identified four of these performance goals as being applicable to the Consultation Program.

Table 1: OSHA Performance Goals Applicable to the Consultation Program

Type of goal	Projected outcome
Targeted	Reduce by 15% workplace illnesses and injuries in the shipyard, food processing, nursing home, logging, and construction industries.
	Reduce by 15% illnesses and injuries resulting from amputations and from exposure to lead and silica.
	Reduce by 15% the four leading causes of fatalities in the construction industry.
Nationwide	Reduce injuries and illnesses by 20% in at least 100,000 workplaces where OSHA initiates an intervention.

Note: In addition to these strategic outcome goals, OSHA identified strategic activity and customer satisfaction goals that applied to the Consultation Program, which are not discussed in this report.

Source: U.S. Department of Labor, OSHA, Revised Strategic Plan (FY 1997–FY 2002), Sept. 18, 1998.

¹⁰Wisconsin has divided its consultation program between its commerce and health agencies.

¹¹See 29 C.F.R. part 1908.

OSHA established these strategic and performance goals for the 31 consultation programs in states (29 states, the District of Columbia, and Guam) for which OSHA has primary enforcement authority. These states are under federal OSHA jurisdiction for workplace safety and health. The remaining 19 state consultation programs operate in states that have their own safety and health programs.¹² Each of these “state-plan” states has adopted OSHA’s first strategic goal but has developed its own related performance goals.¹³

OSHA developed a database system—the OSHA Performance and Tracking Measurement System (OPTMS)—to obtain information on activities related to OSHA’s GPRA goals. According to OSHA officials, this Web-based system requires no additional reporting because it includes 276 data elements that already exist in other OSHA data systems. One hundred of the elements are relevant to the Consultation Program. For example, OPTMS tracks the number of consultations that are performed in targeted industries, as well as the number of employers participating in the Consultation Program that develop a safety and health program. Only the consultation programs in the 31 federal OSHA states provide data into OPTMS for evaluation.¹⁴

OSHA also uses its Integrated Management Information System (IMIS) to collect agencywide data, including data on the activities of the Consultation Program. Consultation Program managers at OSHA use IMIS to compile two reports providing data specific to the Consultation Program. The first of these, the Consultation Activity Measures Report (CAM), tracks 18 quantitative indicators of the Consultation Program’s activities, such as the number of days from request to visit and the number of hazards identified per visit. The second, the Mandated Activities Report for Consultation (MARC), tracks five indicators of the Consultation Program’s activities that reflect regulatory requirements, including the

¹²Under the Occupational Safety and Health Act, states are allowed to establish and enforce their own safety and health standards as long as they are at least as effective as the federal OSHA program.

¹³As mentioned earlier, the analysis in this report does not include the consultation programs in Kentucky, Washington, Puerto Rico, and the Virgin Islands. The consultation programs in these “state-plan” states are authorized in a separate provision of the Occupational Safety and Health Act.

¹⁴OSHA said that it will assess the performance of states that have their own safety and health programs in accordance with their respective statewide goals as well as through traditional activity and other outcome measures.

proportion of visits that were made to high-hazard establishments and the number of visits to smaller employers.

In addition, to help measure the Consultation Program's progress toward achieving performance goals, OSHA introduced, for the first time in fiscal year 2000, a process for use by its regional offices to provide guidance to the state consultation programs. Under this process, the regional offices are supposed to assist each state consultation program in developing an annual project plan that contains goals. Each state consultation program is supposed to develop an end-of-year performance report that the regional offices review. The regional offices also prepare reports on the state consultation programs under their jurisdiction. The first of both these year-end reports was under way during our audit work, so they were too new to evaluate.

To fund the Consultation Program, OSHA provides grants to the state entities delivering the services. OSHA provides 90 percent of the funds needed to carry out the program, and the state consultation programs provide the remaining 10 percent.¹⁵ OSHA gives each state consultation program a base amount equal to the funding it received during the prior year plus any cost-of-living adjustment. If there are any funds remaining, OSHA uses a formula it instituted in fiscal year 1999 to distribute them to state consultation programs. As part of this formula, OSHA first divides the remaining funds in half. It distributes the first half based on the share of the overall funding that each state consultation program has. It then takes the second half and distributes it according to yearly data for three factors that approximate a program's workload—level of gross state product, total state nonfarm employment, and number of small high-hazard establishments in the state.¹⁶ For each year during fiscal years 1996-2000, each state consultation program received a funding increase. The states must obligate the federal funds before the end of the fiscal year for which they were appropriated, or else they expire and are no longer available to the Consultation Program.

¹⁵OSHA finances 100 percent of the consultation program in Guam.

¹⁶Before fiscal year 1999, the amount of funding provided to state consultation programs was simply based on amounts the programs received the prior year and their ability to match the funding provided. OSHA officials stated that the formula, which the agency created in conjunction with state consultation program representatives, was designed to bring state programs to some level of funding parity. Funding parity is attained when the funding that is provided to each state program is proportional to the overall demographic factors affecting demand for the service in each state.

Worker Safety and Pending Enforcement Are Key Factors Influencing Participation

Industry associations as well as participating employers identified the opportunity to improve workplace safety and health and to prepare for or preempt an OSHA inspection as two incentives for participation in the Consultation Program. Industry association officials, worker representatives, and participating employers we interviewed also identified concerns about costs to address identified hazards and the qualifications of program consultants as two disincentives.

Worker Safety and Enforcement Identified as Incentives

Industry associations as well as participating employers identified the opportunity to minimize worker injuries and illnesses and otherwise improve workplace safety and health as one incentive for participating in the Consultation Program. They saw activities to promote workplace safety and health as an opportunity to reduce the number of employee workdays lost because of injuries and illnesses; retain experienced workers and minimize turnover; promote strong labor-management relations, particularly in union workplaces; and possibly reduce workers' compensation costs. Even employers that had in-house expertise on workplace safety and health said that the Consultation Program could help them identify hazards that they might otherwise have overlooked and resolve problems that previously they had not addressed directly.

Some industry associations, as well as participating employers, identified the Consultation Program's potential for reducing the number of citations (and fines) that might result from a subsequent OSHA inspection as a second incentive. Although they saw safety as the factor driving employers to request consultations, several industry associations said that an imminent inspection would serve as a strong incentive for their members to participate in a consultation. Many industry associations believed that an employer who had a consultation would likely fare better if an inspection did occur. Several of the employers we interviewed who had participated in consultations said that their primary incentive for doing so had been to prepare for or preempt an inspection and the possibility of substantial fines. These employers generally had been notified of a possible inspection, either directly by the state or federal OSHA, or more indirectly through industry associations, business newsletters, or presentations that OSHA was targeting their industry.

OSHA officials as well as most of the state consultation program officials we interviewed echoed the view that there is a strong positive correlation between anticipated inspections and an employer's request for a consultation. They provided examples, which follow, of the effect of an increased emphasis on inspections.

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- In 1993, Maine OSHA implemented the “Maine 200” program, through which it contacted the 200 Maine employers with the highest number of serious workplace injuries and illnesses. OSHA offered these employers a choice of working cooperatively with OSHA to address workplace hazards or remaining on a list of work sites that would likely be inspected. About 98 percent of these employers chose the former. According to a Maine consultation program official, many of these employers turned to the Maine consultation program for assistance in identifying and correcting hazards. Maine consultants added that subsequent enforcement programs, focused on local employers, have also been very successful in encouraging employers to use the Consultation Program.
 - In 1994, California initiated a state-funded consultation program, called the Targeted High Hazard Consultation Program, through which California sends letters to employers with high workers’ compensation rates to notify them that they will be inspected unless they seek help from available consultation programs or their insurance carrier. According to California program officials, this effort increased the number of consultations requested from the state-funded consultation program. This program was recently merged with the state OSHA-funded consultation program.

Concerns About Costs and Consultant Qualifications Identified as Disincentives

Industry association officials and employers we interviewed identified concerns about the costs of correcting hazards and the qualifications of program consultants as disincentives. First, officials from both groups stated that employers are concerned that the cost of correcting the hazards identified by a consultation might be prohibitive. They feared that if they could not afford to correct all the hazards in an acceptable time frame, the consultant might report them to OSHA for an inspection. Consultants and state program managers we interviewed said that, in their experience, the costs associated with addressing hazards are generally manageable, but fears about costs still persist among employers. Second, industry associations and employee representatives expressed concern that some state consultation programs employ individuals who lack the appropriate credentials or experience to serve as workplace safety and health consultants. Some states do not require that consultants have advanced or specialized degrees. Other industry associations and employee representatives said that even those consultants with credentials in workplace safety or health-related fields might not have the industry expertise necessary to identify and suggest remedies for hazards. One area identified with regard to this concern was the health industry.

General distrust of OSHA was another factor identified as a disincentive for participation in consultations. Employers feared that consultants

would inappropriately provide information about the consultation to OSHA, prompting an inspection. However, none of the industry association representatives or employers we spoke with knew of any instances where this had actually happened.¹⁷ Related to this concern was the perception that state consultation programs were oriented more favorably toward workers than employers. Industry associations and employers identified recently developed regulatory requirements that they believed reinforced this perception. These included the requirement that employers permit an employee representative to participate in all phases of the consultation visit and the requirement to post a list of the hazards identified by the consultation and the date by which the hazards are to be corrected.

Although employers have both incentives and disincentives for participating in the consultation program, they may be unaware, in general, of the program and what it offers. Industry association officials said that they do not often see the Consultation Program promoted at key employer events. In addition, they did not think that the Consultation Program was adequately promoted as part of other federal efforts that help small employers establish and maintain safe workplaces. Employee representatives echoed this sentiment, saying that they did not believe that most employees knew about the program. Others said that even if the employers were aware of it, they might not know who can participate or how to initiate a consultation.

During the course of our work, we found several state consultation programs that were attempting to address some of these disincentives. For example:

¹⁷Industry and labor representatives we interviewed said there had been cases where a consultation was ongoing or just concluded and an OSHA inspector arrived, but they believed this indicated a lack of coordination between the two entities rather than an inappropriate exchange of information.

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- *Maine's promotion program.* The Maine consultation program has developed a campaign that, among other things, addresses the disincentive posed by employers' concerns about costs. This program has used state funds to develop a promotion campaign, called Safety Works, which emphasizes that, in the long run, employers will very likely save money by eliminating serious workplace hazards. This campaign also emphasizes that consultants are willing to work with employers to identify remedies that do not financially overburden the employer. Maine also provides low-cost loans to the employer, if necessary, to address the identified hazards.
 - *Pennsylvania's university-based program.* The Pennsylvania consultation program operates out of the Indiana University of Pennsylvania and is one of eight state programs located at a state university. Between fiscal years 1996 and 2000, the program experienced an 88-percent increase in requests for consultation visits, while nationwide requests for consultation visits increased only marginally. Operating out of a university has allowed the Pennsylvania program a number of benefits. First, potential clients are less likely to perceive university-based programs as an extension of OSHA. Second, the university can attract higher qualified consultants than the state government because it can offer higher salaries than the state government as well as competitive benefits. For example, it offers consultants the opportunity to take sabbaticals from consultation to teach at the university.

OSHA Unable to Assess Consultation Program's Performance

In measuring its progress toward reaching its GPRA performance goals for reducing injuries and illnesses, OSHA does not seek to isolate the contributions of each of its program activities (e.g., consultation or compliance inspections). For this and other reasons, the agency cannot measure the impact of the Consultation Program. Specifically, the agency cannot measure the extent to which the program contributes to accomplishing OSHA's goals for reducing the number of workplace injuries and illnesses associated with targeted industries or hazards. Similarly, the agency cannot measure the extent to which the program contributes to the agency's reaching its nationwide goal. Finally, state consultation programs have concerns about OSHA's system for collecting activity information, which they characterized as burdensome and inefficient.

OSHA Lacks the Data to Measure Progress

OSHA cannot assess the extent to which its Consultation Program is helping to achieve OSHA's goals. OSHA employs a three-step process to measure its success at reducing injuries and illnesses in targeted areas that uses data from OPTMS and nationwide data from the Bureau of Labor Statistics (BLS). Using OPTMS, OSHA first identifies all agency activities

in a given period that were directed toward OSHA goals. OSHA then uses BLS data to measure changes in the level of workplace injuries or illnesses in targeted industries or caused by targeted hazards. If the level of measured injuries and illnesses declines, OSHA infers that the activities it conducted contributed to that decline.

There are three reasons why OSHA's efforts do little to allow it to identify the impact of the Consultation Program. First, in conducting its analysis, OSHA collects data only from the 31 state consultation programs located in federal OSHA states, meaning that the activities of the 19 "state plan" state consultation programs are not reflected. Second, in assessing progress toward its goals, OSHA does not isolate the activities of the Consultation Program from those of its other programs (such as enforcement), which means that OSHA does not know the relative impact of the Consultation Program on the achievement of its goals. Third, even if OSHA were able to identify the separate activities of the Consultation Program, its analysis would not demonstrate a direct causal link between the services offered by the Consultation Program and nationwide changes in workplace safety and health, which may also result from other influences.

Establishing a better connection between the Consultation Program and reductions in the number of injuries and illnesses among workers would require having data from all state programs and all employers receiving consultations, both before and after the consultation. Other factors, such as new management, might affect the level of injuries and illnesses at a workplace. Nonetheless, this information could give OSHA a better understanding of the outcomes of the Consultation Program than it has now. The Consultation Program currently collects data on workers' injuries and illnesses in preparation for each consultation visit, but according to OSHA officials, the program has been hesitant to collect the same data for the period following the consultation.

OSHA has been reluctant to collect these data because agency officials believe that such data may not be available and because their collection may burden employers, be outside the agency's authority, or raise issues regarding the confidentiality of employer information. While these issues need to be considered, they do not appear to be insurmountable. There does not appear to be any prohibition against OSHA's obtaining this information from all 50 state programs, and several state programs collect this information already. Also, consultants told us that they believe there are ways for OSHA to obtain this information while maintaining its pledge of confidentiality. For example, state program consultants could collect

and enter aggregate information into OSHA's data system (i.e., compiled into industry or statewide information) without divulging establishment names.

OSHA also experiences difficulty in assessing the Consultation Program's contribution to the agency's nationwide performance goal—reducing by 20 percent the number of worker injuries and illnesses at 100,000 workplaces where it initiates an intervention. To measure its progress toward this goal, OSHA conducted a study¹⁸ in which it used two databases—one maintained by BLS and the other in-house—to identify the number of workplaces where injuries and illnesses had been reduced by 20 percent from October 1995 to March 1997. This report concluded that OSHA was making progress toward achieving this goal. However, it also noted that the study was not designed to isolate the effects of different types of interventions. Thus, it could not be used to evaluate the impact of the Consultation Program.

OSHA Relies on Burdensome Reporting System for Measuring Program Performance

State consultation program managers, as well as OSHA officials, expressed concern about the burden placed on state programs by OSHA's data reporting requirements. This was especially true in those cases where these programs also had state-imposed reporting requirements. State program officials said that they believed much of the time spent on data reporting was wasted because the reporting requirements focus more on the number of hazards identified than on how effectively the hazards were remedied. Consultants with the Maine consultation program stated that they devote half their time to fulfilling reporting requirements, while New York program officials said that, for each day spent with employers, consultants spend 2½ days in the office complying with data reporting requirements, including the consultation report for the employer. In California, consultation officials estimated that the state program could increase the number of consultations they did by as much as 20 percent if federal OSHA reporting requirements were reduced.

In addition, the number of activity indicators that OSHA tracks—over 100 indicators that are relevant to the state consultation programs in the MARC, CAM, and OPTMS systems—dilutes OSHA's ability to communicate the program's key goals and priorities to states. State

¹⁸See OSHA, *An Estimate of OSHA's Progress from FY 1995 to FY 1999 in Attaining Its Performance Goal of Reducing Injuries and Illnesses in 100,000 Workplaces* (Mar. 23, 2000).

consultation program officials said that the large number of activity indicators tracked by OSHA makes it difficult to determine which activities—and associated goals—should have priority. For example, OSHA tracks the number of consultation visits state consultation programs make. This may signal states to give priority to conducting as many visits as possible to many different employers. However, OSHA also tracks the number of consultations that result in employers developing safety and health programs. This may signal states to give priority to conducting numerous visits to a single employer. While focusing more intensely on individual employers may increase the likelihood that employers develop health and safety programs, at the same time, it may potentially reduce the number of consultations overall. State consultation program managers also said that the sheer number of activities OSHA tracks means that state programs cannot pursue all of the indicators. As a result, program managers tend to select the three to five that they believe are most important. For example, one state program manager we visited focused almost entirely on initial visits, hazards corrected, and timeliness of the report; another placed greatest emphasis on total visits, combined safety and health visits, and certain targeted goals.

Finally, state consultation program officials told us that indicators used, some of which were developed in the 1980s, do not reflect how some state consultation programs currently operate. For example, the New York and California programs focus on providing employers with long-term assistance that includes, among other things, extensive follow-up, technical assistance regarding the best ways to correct hazards, training for management and workers, and guidance on the proper installation of new equipment and the introduction of new processes. However, these activities are not represented in current indicators. The California, Maine, and New Jersey programs have placed increased emphasis on promoting the Consultation Program within the local business community by making presentations, participating in conferences, and utilizing electronic and print media. Although OSHA currently collects information on activities intended to promote the program, it does not analyze this information.

OSHA officials, as well as every Consultation Program manager we interviewed, acknowledged that OSHA needs to replace the current performance measurement system with a less burdensome and more relevant system. For the past 8 years, OSHA Consultation Program officials have recognized the need for a separate system for obtaining activity data that would operate outside IMIS; however, resource constraints and higher priorities within the agency have prevented this. OSHA has been attempting to improve the electronic transfer of data from

the states into IMIS, and Consultation Program staff at OSHA have been told that they cannot make any significant changes to the IMIS-based data systems until this project to update IMIS is completed. In the meantime, OSHA officials said that they have told the state programs that many of the indicators, such as those in the CAM, should no longer drive program activity. However, OSHA continues to require state programs to provide data on all of these indicators and includes some of the indicators in newly developed yearly program monitoring reports that each state program must complete.

Funding Allocation Process Does Little to Encourage Goal Achievement

OSHA's process for allocating federal funds to state consultation programs does not encourage these programs to make effective use of these funds. Because OSHA does not collect data to assess the Consultation Program's performance, it cannot consider such data in its allocation process. Also, even though OSHA collects data on state program activity, it does not use this information to allocate funds to state consultation programs. It also does not consider state programs' ability to use allocated funds. As a result, state consultation programs receive additional funds each year regardless of prior performance. At the same time, OSHA's 10 regional offices do not pursue consistent policies for conducting fiscal audits of consultation programs within their jurisdictions and lack ready access to spending information needed to oversee the operations of consultation programs.

Activity Is Not Considered in Allocation Process

In allocating funds to state consultation programs, OSHA does not factor in the programs' activity levels. As a result, programs can routinely decrease the number of consultations they conduct and the number of hazards they identify and still receive funding that is the same or greater than they received in the previous fiscal year. All state consultation programs received increases in funding between fiscal years 1996 and 2000, even though 16 consultation programs experienced often significant decreases in activity levels, as shown in table 2.

Table 2: Changes in Funding for States With Decreased Activity Levels

State	Percentage change from FY1996 to FY2000		
	Funding level	Total visits made	Hazards identified
Arkansas	15	-25	5
California	25	-53	-47
Connecticut	22	-10	-49
Delaware	47	-15	-31
District of Columbia	46	-23	-55
Florida	25	-50	-63
Iowa	20	-34	-26
Maryland	32	-25	-14
Michigan	27	-5	17
New Hampshire	75	-1	12
New York	19	-17	-23
North Dakota	28	-2	43
South Dakota	42	-24	-23
Tennessee	19	-32	-56
Utah	18	-18	-4
Wisconsin	19	-3	-4

Note: This table does not include funding or activity data for Arizona, Indiana, Nevada, and New Mexico because they only joined the Consultation Program in fiscal year 1999.

Source: OSHA data.

Although neither OSHA nor state program officials we interviewed have analyzed why one-third of the state consultation programs appeared to be doing less with additional funds, they did identify several factors that might affect activity levels. As shown in table 3, these included, among others, data collection mechanisms that do not reflect all the activities that programs pursue, data collection requirements that potentially decrease time available for consultation, and hiring freezes that result in unfilled consultant positions. However, OSHA officials agreed that, at some point, decreases in basic program activities, such as the number of consultation visits or hazards identified, raise questions about resource utilization.

Table 3: Possible Reasons for Declines in State Consultation Program Activity Levels

Possible reason	Effect on activity levels
Developing long-term relationships with employers	These efforts require greater levels of resources than quick one-time consultations.
Data collection mechanisms do not reflect all the activities that programs pursue	It may appear that activity is decreasing, but resources have just been shifted to other activities.
GPRA-imposed targeted industries or hazards	Changes in areas of program focus may require different strategies to find new clients.
Data collection requirements	Administrative requirements take consultants' time away from consultations.
State-imposed hiring or salary freezes	Hurts programs' ability to fill consultant positions, so fewer consultants available to do visits.

Source: State consultation program management and staff.

We also found that OSHA provided increased funding to states even if they had a history of being unable to use their funding allocations for prior years. In total, 31 of the programs were unable to use all their funds at least once between fiscal years 1996 and 1999. (How many state programs will have this experience in fiscal year 2000 is unknown because they are still reporting their expenditures to OSHA.) Table 4 identifies the 7 state programs that were unable to use all of their funds every year during that period. In addition, 8 other programs were unable to use all their funds for 3 of those 4 years, 10 programs had this experience for 2 of those years, and 6 programs had this experience for 1 year.

Table 4: State Programs Unable to Spend Their Funds Each Year During FY1996-99

State	Percentage of total funds unused			
	1996	1997	1998	1999
Louisiana	6	11	35	13
Michigan ^a	8	11	22	11
New Hampshire	10	3	5	12
New York	1	7	5	8
North Carolina	9	6	3	13
North Dakota	19	18	23	43
Tennessee	11	5	13	1

^aMichigan provided this information separately for its safety program and health program, which at the time were managed by different agencies. We combined this information for purposes of this analysis.

Source: OSHA data.

Unused funds complicate OSHA's ability to ensure that funds are used to support the achievement of its strategic goals. State consultation programs

sometimes notify OSHA of their inability to use the funds, in which case OSHA can reallocate those funds to other programs. However, because these funds arrive late in the year and will not be made available in subsequent years, OSHA instructs the state consultation programs not to use them for salaries or fringe benefits, other than one-time bonuses. As a result, state consultation programs generally use these funds to buy equipment or other supplies. In other cases, state consultation programs that cannot use the funds do not alert OSHA to that fact, in which case all unobligated funds expire at the end of the fiscal year and are no longer available for use.

OSHA, in partnership with the states, changed its allocation process starting in fiscal year 1999, but did not use this opportunity to factor in activity levels or use of funds. By not doing so, OSHA lost the opportunity to use the funding allocation process to influence state program performance. As noted earlier, under OSHA's current allocation process, state programs are ensured a level of funding equal to what they received in the previous year, as long as the program budget has not decreased. In addition, state programs are awarded additional funds based on their size rather than their activity levels or a demonstrated ability to use the funds allocated to them.

OSHA's Oversight of Financial Expenditures Is Limited and Inconsistent

As a result of its limited monitoring, OSHA lacks the information necessary to identify which state programs need additional guidance to achieve agency goals. OSHA's 10 regional offices, which are responsible for monitoring state consultation program expenditures, have inconsistent policies concerning when, and under what circumstances, they conduct audits of the state consultation programs. We found that some regional offices conducted annual financial audits of state consultation programs in their jurisdiction, while others had not audited state programs under their jurisdiction for as long as 5 years. As of August 2001, seven OSHA regional offices had not audited 17 state consultation programs under their jurisdiction for over a year. For example, Region 3 (Philadelphia) had not audited the Maryland consultation program (\$682,000 budget in fiscal year 2000) for 5 years. OSHA Region 9 (San Francisco) had not audited the largest program, California (\$4.45 million budget in fiscal year 2000), in 2 years. Region 9 also had not audited the Guam and Hawaii programs in 2 years, despite knowing about the significant management and fiscal difficulties these programs have. Because the relative amounts provided to

each state for the consultation program are small in comparison with other federal programs, the expenditure of these funds is also not likely to be audited by any other entity.¹⁹ OSHA officials said they have not provided guidance to regions on the appropriate interval between routine financial audits or the conditions that might warrant an out-of-cycle audit. OSHA officials also said that they would like the regions to conduct more audits but the decline in staff resources in the field has adversely affected the regions' ability to do so.

OSHA's regional offices also do not have access to financial data demonstrating how state consultation programs spend federal funds by object class (i.e., salaries, fringe benefits, travel, equipment, supplies, contracts, and other expenses) unless they conduct an audit or obtain special authority from the Office of Management and Budget (OMB) to routinely collect this information.²⁰ At the beginning of each fiscal year, state consultation programs report how they plan to spend the funds by object class; however, there is no requirement to provide a detailed report showing how the funds were actually spent. Instead, they are required to report quarterly and yearly a single figure showing only total expenditures. OSHA officials said they would like to collect detailed information on expenditures to improve monitoring. We found that most of the state consultation programs we contacted had this information readily available and did not believe it would be an onerous requirement to provide it routinely to OSHA. To date, OSHA has not petitioned OMB to collect this information.

Because OSHA's regional offices do not have ready access to detailed information on expenditures, they cannot readily monitor the actual use of funds or state reprogramming of funds from one object class to another. This could lead state programs to deviate from agreed-upon spending patterns without informing OSHA or, potentially, to use funds for inappropriate purposes. For example, of the 12 programs that experienced

¹⁹For example, under the Single Audit Act (31 U.S.C. 7501 et seq.), any state spending \$300,000 or more in federal awards is responsible for arranging a financial audit of its total federal accounts. Although the states must provide to auditors a total listing of all federal grants, auditors have some flexibility in determining which programs to evaluate in detail. Since 1997, only four state consultation programs have been included in detailed audit analyses performed under the Single Audit Act.

²⁰OMB Circular A-102 requires grantees to file summary financial status reports with their funding agencies. However, detailed reporting by object class is prohibited unless OMB grants a waiver.

declines in their level of activity from fiscal years 1996 to 2000 and provided us with information on actual expenditures, half reported that they reprogrammed at least 20 percent of the funds they originally projected to spend on salaries and benefits to other spending categories in at least 1 fiscal year. There is insufficient information to know whether these activities violated program requirements or resulted in inappropriate expenditures.

However, in some cases, it appears that staffing or other long-standing limitations at the state level could raise questions about the basis for the state consultation program's original funding request. For example, in some cases, state-imposed hiring or salary freezes had been in place for years, which made it unlikely that vacancies could have been filled. However, state program officials continued to request funds to fill these vacancies. When the vacancies were not filled, they reprogrammed these funds into other areas. While state consultation programs must comply with federal review procedures to reprogram federal funds, regional office officials stated that these were not entirely effective tools for keeping up with such actions by state programs. As a result, OSHA lacks information on the extent to which state programs are using the funds or potentially reprogramming them into other areas, and it does not know whether state programs are using the funds in the best way to achieve agency goals.

Two large consultation programs illustrate the potential problems caused by this lack of oversight. Both programs experienced decreases in program activity between fiscal years 1996 and 2000 and appeared to reprogram large amounts of funding, not necessarily with the knowledge of OSHA regional officials.

- For each of fiscal years 1996-2000, the first of these state consultation programs submitted to OSHA budget projections that included over \$300,000 for indirect administrative charges, for a total of approximately \$1.76 million. However, end-of-year information on actual expenditures showed that, for the 5-year period, this program spent approximately \$87,000 (or less than 5 percent) of the \$1.76 million on indirect administrative costs.
- Since fiscal year 1996, the second state consultation program had been developing its planned expenditures on the assumption that the program would be fully staffed. It did so with full knowledge that this was unlikely to occur, given that the program was experiencing high and increasing vacancy rates for consultants (37 percent in fiscal year 2000). As a result, the program reprogrammed much of the federal funds slated for paying

salaries and benefits to consultants into supplies and equipment or contracts to obtain promotional services. It also used some of the excess personnel funding to make up for the shortfall in salaries and benefits paid to existing staff who received higher than the minimum pay in their grade. (According to officials with this consultation program, state agencies are required to budget salaries and benefits as if all staff received the lowest pay in their grades.)

Conclusions

Many believe that OSHA's increased effort to emphasize cooperation rather than confrontation—as signaled by the increase in funds to the Consultation Program—is a move in the right direction. Yet OSHA has made this commitment without establishing the performance measurement system needed to determine how well the Consultation Program contributes to OSHA's central mission and resulting goals—reducing workplace injuries and illnesses. OSHA does not know to what degree it can rely on consultation activities to achieve these goals or the extent to which it should use consultations in combination with its enforcement activities. Having adequate goals and measurement systems for the Consultation Program would allow OSHA to establish a link between voluntary, cooperative efforts at employers' workplaces and any subsequent reductions in worker injuries and illnesses at those workplaces and potentially increase the value of the program for employers and workers.

Although OSHA is in the process of updating IMIS, these efforts, in themselves, will not improve the agency's ability to assess the Consultation Program's performance, reduce the reporting burden faced by program managers, or address the confusion that results from programs having too many indicators to track. Without assessing the kind of information it needs to measure the Consultation Program's progress toward attainment of basic agency goals and including state program managers in this process, OSHA will be unable to identify those indicators that provide the best measure of program performance and eliminate those that pose an unnecessary burden on consultants. Moreover, it will be unable to focus state consultation programs on those activities that best match the agency's priorities.

OSHA has not used its funding allocation process to influence the activities of state programs. In the absence of a link between a state consultation program's performance and its funding, state programs have continued to receive funds equal to what they have received in previous years even if they reduced the number of consultations they conduct and the number of hazards they identify. Large programs will continue to be

rewarded the lion's share of funding simply because they are large, rather than because they are successful. Factoring a program's performance into the allocation process is no easy task, nor can it necessarily be accomplished within a short time frame. However, it is very much in line with the GPRA goal of encouraging agencies to be results oriented and to ensure that the Consultation Program, as part of OSHA, is doing what it is supposed to do. Without a link between funding and performance, there can be no assurance that federal funds are working toward the achievement of agency goals.

With regard to financial oversight, OSHA has insufficient knowledge about how program funds are being spent. In the absence of clear guidance from OSHA regarding what factors warrant financial audits, the frequency with which regional offices audit state consultation programs will continue to vary. Moreover, programs that are known to have significant fiscal and management problems, significant declines in program activity, or who request funds each year for one purpose and then reprogram them for another, will be able to continue these practices unchecked. OSHA may have the opportunity to collect the necessary expenditure information without auditing state programs, but such action may need approval from OMB. Correcting these problems is challenging because doing so requires determining how much of the agency's limited oversight resources should be devoted to ensuring that funds are spent properly, even when the amount of these funds might be relatively small. However, without such information, OSHA is unable to show itself or others how well state consultation programs are utilizing federal funds.

Recommendations for Executive Action

To strengthen OSHA's ability to assess the Consultation Program's progress toward key agency goals, we recommend that the Secretary of Labor direct the Assistant Secretary for Occupational Safety and Health to

- require state consultation programs to collect and forward to OSHA data on injuries and illnesses from employers participating in the Consultation Program at some period after the consultation is completed for use in analyzing whether there is a relationship between participation in the program and reductions in workplace injuries and illnesses and
 - review reporting requirements with an eye toward eliminating indicators that no longer reflect the program while adding new ones that do.
- Decisions about which indicators to eliminate or develop should be driven by the kind of information needed to measure progress toward goals and send a clear message to state programs on agency priorities. Any decisions should be accomplished in cooperation with state program managers and

should ultimately contribute to reducing the reporting burden on state consultation programs. This process should be a key component of any upgrade the agency performs on IMIS.

To help OSHA ensure that the funding allocation process encourages state consultation programs to work toward agency goals, we recommend that the Secretary of Labor direct the Assistant Secretary for Occupational Safety and Health, in cooperation with state partners, to develop a plan and timetable for factoring incentives into the allocation process. In so doing, OSHA may want to (1) develop performance goals for inclusion in the allocation formula or (2) set aside up to 20 percent of consultation funds for distribution by the Secretary in accordance with separate criteria that reward good performance or address specific state program needs.

To help ensure better oversight of state expenditures of consultation funds, we recommend that the Secretary of Labor direct the Assistant Secretary for Occupational Safety and Health to

- provide specific guidance to the regional offices regarding the monitoring of state-level expenditures of Consultation Program funds that includes criteria or situations under which regional offices should review program spending or conduct audits of expenditures and
- seek to routinely obtain program expenditure data by object class from state consultation programs, either through conducting more frequent financial audits or by obtaining the necessary authority from OMB.

Agency Comments

OSHA generally agreed with our recommendations and said the report would help improve the Consultation Program (see app. I). OSHA's most significant concern with the draft report related to the extent to which it should be held accountable for measuring the Consultation Program's contribution toward achieving GPRA performance goals. Among other things, OSHA stated that it did not believe that GPRA requires annual measurement of individual programs' contributions toward meeting these goals. As such, OSHA noted that it had chosen to evaluate the effect of its entire complement of programs (consultation, enforcement, and others) on achieving performance goals related to reducing workplace injuries and illnesses.

We did not examine whether OSHA was technically in compliance with GPRA requirements. However, regardless of the answer to this question, we believe that it is important for OSHA to know the extent to which the Consultation Program is contributing to the agency's primary mission. This type of information is central to managing the agency's resources. As such,

we were pleased to note that OSHA acknowledged the need to find opportunities to evaluate the effectiveness of its individual programs.

OSHA suggested a number of technical changes to improve the accuracy of our report, which we incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees, the Secretary of Labor, the Assistant Secretary of Labor for Occupational Safety and Health, and the Director of OMB. We will also make copies available to others upon request.

Please contact me or Lori Rectanus on (202) 512-7215 if you or your staff have any questions about this report. Other contacts and staff acknowledgments are listed in appendix II.



Robert E. Robertson
Director, Education, Workforce,
and Income Security Issues

List of Recipients

The Honorable Edward M. Kennedy
Chairman
The Honorable Judd Gregg
Ranking Member
Committee on Health, Education,
Labor, and Pensions
U.S. Senate

The Honorable Paul Wellstone
Chairman
The Honorable Michael Enzi
Ranking Member
Subcommittee on Employment,
Safety and Training
Committee on Health, Education,
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The Honorable John A. Boehner
Chairman
The Honorable George Miller
Ranking Minority Member
Committee on Education and the
Workforce
House of Representatives

The Honorable Charlie Norwood
Chairman
The Honorable Major Owens
Ranking Minority Member
Subcommittee on Workforce Protections
Committee on Education and the
Workforce
House of Representatives

Appendix I: Comments From the Occupational Safety and Health Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

U.S. Department of Labor

Assistant Secretary for
Occupational Safety and Health
Washington, D.C. 20210



SEP 26 2001

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
General Accounting Office
Washington, D.C. 20548

Thank you for the opportunity to comment on the General Accounting Office (GAO) Report entitled *Workplace Safety and Health: OSHA Should Strengthen the Management of Its Consultation Program* (GAO-01-1029).

While the Occupational Safety and Health Administration (OSHA) agrees with many of GAO's recommendations, we would like to clarify several important points.

The report suggests that there is a deficiency in OSHA's oversight of the Consultation Program because the program does not track directly to the performance measures established under the OSHA Strategic Plan. The requirements of the Government Performance Results Act (GPRA) are directed at Federal programs and do not apply to the states. OSHA has worked with its state partners and encouraged them to parallel the Federal efforts by devising their own state strategic plans. Some of these plans share the same priority issues as the Federal program; others include differences that reflect specific industries or circumstances in a state or region. Consequently, the agency believes that the evaluation of the Consultation Program is more properly based on program goals established by the agency and not, as suggested by the GAO report, by contributions to performance measures established for the Federal program. OSHA specifically chose not to attempt to evaluate individual programs within OSHA by GPRA performance measure standards. Instead, the agency established criteria to measure overall effectiveness by identifying how the entire range of OSHA programs (consultation, outreach, education, training, voluntary programs, and enforcement) contributed to reductions in workplace fatalities, injuries, and illnesses. Though OSHA does not believe that GPRA envisions an annual measurement of individual strategies utilized in meeting the agency's strategic plan, the agency agrees that it will look for opportunities to evaluate the effectiveness of various strategies in achieving its goals.

Outside the GPRA environment, OSHA agrees that measurement criteria are needed. The Report properly acknowledges that the agency has reporting requirements in place. OSHA is committed to ensuring that both federal and state managers have the ability to track adequately program performance. The agency plans to meet with consultation project managers to address this and the other issues raised in this Report. However, GAO incorrectly interprets the usefulness of a study, completed in March 2000, entitled

See comment 1.

2

An Estimate of OSHA's Progress From FY1995 to FY1999 in Attaining Its Performance Goal of Reducing Injuries and Illnesses in 100,000 Workplaces. The purpose of the study was not to assess the effectiveness of the Consultation Program, but rather to provide an estimate of the performance indicator for the Federal goal of reducing injuries and illnesses by 20% in at least 100,000 workplaces where OSHA initiated an intervention by FY 2002. The study concluded that the agency was on track to achieve that goal; it was not designed to separate out the effects of the different types of OSHA interventions (e.g., consultations, inspections, notification letters), combinations of interventions on injury/illness rate reductions, or the impact in states not otherwise being measured in the Federal goal.

Finally, concerning the financial auditing recommendations, OSHA agrees with the recommendation to provide guidelines to its Regional offices regarding the monitoring of state level expenditures of Consultation Program funds. With regard to GAO's recommendations for a review of the formula that OSHA uses to allocate funding among states, OSHA notes that the existing formula was established through a collaborative effort that included all our state partners. The agency continues to believe that state input is important in determining any new funding allocation mechanism. To that end, OSHA agrees to revisit the funding allocation process with the states. Any agreed upon changes will include a timetable for implementation. Finally, GAO recognizes that its recommendation to obtain program expenditure data from state consultation programs will require obtaining additional authority from OMB. To date, OSHA's financial oversight policies have been consistent with the provisions of the Single Audit Act and current OMB guidelines. The agency agrees to raise GAO's recommendation with OMB.

Throughout OSHA's history, there has been a strong bond between the Consultation Program and the nation's small businesses. Over the years, the Consultation Program has assisted small employers in eliminating hazards and establishing safety and health management systems which provide for the continued protection of employees. Surveys have overwhelmingly demonstrated that these small employers value the work of consultants in making workplaces safer and healthier. We trust that your Report will help us further improve the Consultation Program to benefit the nation's small employers and their employees.

Once again, I want to thank you for permitting us to review this study and for your consideration of our comments.

Sincerely,

John Henshaw

See comment 2.

GAO Comments

The following are GAO's comments on the OSHA letter dated September 26, 2001.

1. We clarified report language concerning the purpose of this study.
2. We modified our recommendation to recognize the importance of state participation in deliberations leading to changes in the funding allocation process.

Appendix II: GAO Contacts and Staff Acknowledgments

GAO Contacts

Lori Rectanus (202) 512-7215
Joseph J. Natalicchio (202) 512-7215

Staff Acknowledgments

In addition to those mentioned above, Patrick J. diBattista, Dennis M. Gehley, Julian P. Klazkin, Leslie E. Pastrano, John G. Smale, Jr., and Wayne J. Turowski made key contributions to this report.

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