



Compliance Bulletin

OSHA Penalties to Increase By Up to 50 Percent in 2016

Provided by Baldwin Krystyn Sherman Partners

Quick Facts

- The Bipartisan Budget Act (Act) was signed into law on Nov. 2, 2015.
- The Act allows OSHA to increase the maximum penalties for safety and health violations.
- The increases will become effective by Aug. 1, 2016.
- The penalty amounts will continue to be adjusted for inflation each year.

OSHA will be allowed to increase its maximum penalties by up to 50 percent in 2016 and adjust them annually for inflation starting in 2017.

On Nov. 2, 2015, President Obama signed the [Bipartisan Budget Act of 2015](#) (Act), which is a two-year budget deal. One provision in the Act will allow OSHA to increase the maximum penalty amounts it imposes on employers that violate occupational safety and health standards. These increases will become effective by **Aug. 1, 2016**.

Justification for Increased Penalties

Many government agencies have the authority to adjust their maximum penalty amounts annually to reflect the cost of inflation, as shown by the consumer price index (CPI).

However, OSHA has not been allowed to adjust its maximum penalty amounts since the penalties were enacted 25 years ago. The Act will allow OSHA to adjust the maximum penalty amounts to reflect inflation.

Amount of Increase

The Act requires OSHA to implement the new maximum penalty amounts in two phases:

- An initial catch-up adjustment; and
- An ongoing subsequent adjustment period.

The initial catch-up period will take place in 2016 and will allow OSHA to increase the

current maximum penalty amounts by up to **50 percent** to account for the previous 25 years of non-adjustment. The table below shows how a 50 percent increase affects current OSHA penalties.

Violation	Current Maximum	Increased Maximum
Non-serious	\$7,000	\$10,500
Serious	\$7,000	\$10,500
Willful or Repeated	\$70,000	\$105,000
Willful (Resulting in Death)	\$10,000	\$15,000
Uncorrected	\$7,000	\$10,500

However, the Act also gives OSHA the discretion to increase the current maximum penalty amounts by less than 50 percent if it determines that the full increase will:

- Have a negative effect on the economy; or
- Result in social costs that outweigh the benefits of the full increase.

The Office of Management and Budget must agree with this determination.



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The Act requires OSHA to issue a proposed rule and solicit public comments if it plans to increase the penalty amounts by less than 50 percent.

The second phase allows OSHA to adjust maximum penalty amounts for inflation annually.

What to Expect in 2016

The Act requires OSHA to publish how it will implement the first inflation adjustment by **July 1, 2016**. The first adjustment must become effective by **Aug. 1, 2016**.

The first annual inflation adjustment will be allowed for 2017. OSHA will be required to publish annual updates by Jan. 15, 2017, to signal this increase and every year thereafter in the Federal Register.

