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Bassford Remele Employment Practice Group

New OSHA Rules Could Drastically Cut Your Company's Fines

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On Monday, July 14, 2025, the U.S. Department of Labor ("DOL") updated its guidance on penalty and debt-collection procedures in the <u>Field Manual for the Occupational Safety and Health Administration</u> ("OSHA"), with new rules taking effect immediately. These changes are designed to promote voluntary compliance and reward employers for proactive safety measures. The revisions primarily impact how civil penalties are calculated and applied to workplace safety and health violations.

Expanded and New Penalty Reductions and Credits

The DOL made three principal updates to its OSHA Field Manual. It is important to note that these updates are considered distinct adjustments, meaning businesses <u>may be able to take advantage of several or all of them at once</u>.

1. Expanded Penalty Reduction for Small Employers (Up to 70%)

The revised policy increases the eligibility for penalty reductions based on company size. Businesses with up to 25 employees are now eligible for a 70% penalty reduction, an expansion from the previous limit of 10 employees. This adjustment aims to reduce the financial burden on smaller entities, allowing those businesses to redirect resources toward hazard abatement and compliance.

Employers with 26-100 employees may receive a penalty reduction of up to 30%, while those with 101-250 employees are eligible for up to a 10% reduction.

2. "Quick-Fix" Abatement Credit

A brand new "Quick-Fix" policy introduces a 15% penalty reduction for employers who immediately correct a hazard identified during an inspection. This program is designed to incentivize rapid hazard correction and to demonstrate an employer's good-faith remedial efforts. For violations that can be resolved on the spot, abatement must occur in the presence of the OSHA officer. For more complex issues, employers are given a five-day window to complete the fix, with the possibility of an extension up to 10 additional days. The credit is not available for any actions taken more than fifteen days after the condition was discovered by the Compliance Safety and Health Officer. This credit provides a clear and immediate financial benefit for employers who can and do take prompt and decisive action.

The Quick-Fix reduction is specifically available to all general industry, construction, maritime, and agricultural employers for violations classified as "other-than-serious," "low gravity serious," or "moderate gravity serious" (but not for "high gravity serious," "willful," "repeated," or "failure-to-abate" violations).

3. Expanded Reduction for a Clean Compliance History

OSHA has expanded the criteria for receiving a penalty reduction based on compliance history. A 20% reduction is now available to employers who have not been inspected by a federal OSHA or State Plan agency within the last five years, or who have been inspected within that period without receiving any serious, willful, or failure-to-abate violations. This policy rewards a consistent and proactive commitment to workplace safety by acknowledging the efforts of companies that have a strong track record of compliance. This reduction is applied automatically to eligible employers.

Practical Guidance for Employers

These policy changes are not retroactive and will apply only to penalties issued on or after the effective date of July 14, 2025. Employers should take note of the following guidance to ensure they are prepared:

- Review and Update Safety Protocols: Conduct a thorough self-audit of your existing safety and health programs to identify and address potential violations before an inspection occurs. A comprehensive approach to safety now can significantly reduce your risk of future penalties.
- Prepare for Inspections: Familiarize your designated safety personnel with the new "Quick-Fix" credit to ensure they can act promptly to correct minor violations during an inspection. If your team is prepared to take immediate remedial action, it may directly reduce your potential fines.

- Maintain Detailed Records: Keep meticulous records of safety training, inspection history, and any hazard-abatement actions. Proper documentation will be crucial for substantiating a claim for penalty reductions under the new guidelines.
- **Communicate with Your Team:** Ensure your employees are aware of their roles in maintaining a safe workplace and are encouraged to report hazards. A well-informed team with open lines of communication is your first line of defense against violations.

Bassford Remele's award-winning <u>Employment Practice Group</u> is here to help with these issues and more. Please reach out to discuss ways that we can help you protect your business or protect your rights.

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