



JAN 23 2019

MEMORANDUM FOR:

REGIONAL ADMINISTRATORS

FROM:

PATRICK J. KAPUST, Acting Director
Directorate of Enforcement Programs

SUBJECT:

Implementation of the 2019 Annual Adjustment Pursuant
to the Federal Civil Penalties Inflation Adjustment Act
Improvement Act of 2015

Effective immediately, this memorandum revises the guidance in the Field Operations Manual (FOM), specifically Chapter 6, *Penalties and Debt Collection* to address penalty changes.

The cost-of-living adjustment multiplier for 2019, based on the Consumer Price Index for All Urban Consumers (CPI-U) for the month of October 2018, not seasonally adjusted, is **1.02522**. To compute the 2019 annual adjustment, the Department multiplied the most recent penalty amount for each applicable penalty by the multiplier, 1.02522, and rounded to the nearest dollar.

The adjustment factor of 1.02552 will remain consistent across the minimum and maximum penalties set forth in the OSH Act and FOM. For example, OSHA's current maximum penalty for a *Serious* violation is **\$12,934.00**; following the application of the adjustment factor ($\$12,934.00 \times 1.02522$), the new maximum penalty for a *Serious* violation will be **\$13,260.00**.

On November 2, 2015, Congress enacted the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Public Law 114-74, sec. 701 (Inflation Adjustment Act), which further amended the Federal Civil Penalties Inflation Adjustment Act of 1990 as previously amended by the 1996 Debt Collection Improvement Act (collectively, the "Prior Inflation Adjustment Act"), to improve the effectiveness of civil monetary penalties and to maintain their deterrent effect. The Inflation Adjustment Act required agencies to: (1) Adjust the level of civil monetary penalties with an initial "catch-up" adjustment through an interim final rule (IFR); and (2) make subsequent annual adjustments for inflation, no later than January 15 of each year.

OSHA will continue to follow existing procedures for applying adjustment factors, such as size, history, and good faith. If you have any questions regarding the above, please contact the Directorate of Enforcement Programs at (202) 693-1850.