



Rising OSHA Penalties

And How You Can Ensure Safety at The Workplace

In November 2015, the federal Occupational Safety and Health Administration (OSHA) revised its civil penalties to accommodate rising inflation rates. The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, as it was named, was the first revision to the OSHA fines system in over twenty years since the Prior Inflation Adjustment Act (1990, 1996). The next revision of the penalty structure, however, did not take as long.¹

On January 23, 2019, OSHA put into effect its 2019 Annual Adjustment that raised the penalties of violation by approximately 2.5% over the 2015 revised amounts. For instance, the maximum fine for a serious violation, which was USD 12,934 prior to the revision, has now been set at USD 13,260. Similarly, the revised maximum fine for willful and repeat violations is USD 132,598 as compared with the previous penalty of USD 129,336.^{2&3}

Increases in OSHA Penalties



Repeat Violations | **\$132,598**
(up from \$126,749)



Willful Violations | **\$132,598**
(up from \$126,749)



Serious Violations | **\$13,260**
(up from \$12,675)



Other than Serious Violations | **\$13,260**
(up from \$12,675 in 2018)



Failure to Abate (per day) | **\$13,260**
(up from \$12,675 last year)

The consequences of non-compliance with OSHA regulations, however, extend beyond the financial penalties imposed by the regulatory authority. The biggest risk of non-compliance that an organization runs is that of reputational damage. A lack of health and safety standards can often be perceived by customers, partners, investors, and the rest of society in a negative light. Recovery from such damage, if it's even possible, can entail substantial costs, including losses incurred from diminished sales and layoffs.

■ **Employers run the risk of suffering lofty legal costs for settlement claims made from injured or affected workers, and families of employees who were casualties of fatal accidents.**

Large or small, OSHA violations are best avoided in the first place. And the recent series of hikes on penalties offers extra motivation for companies to ensure compliance.



The Most-Cited Occupational Hazards

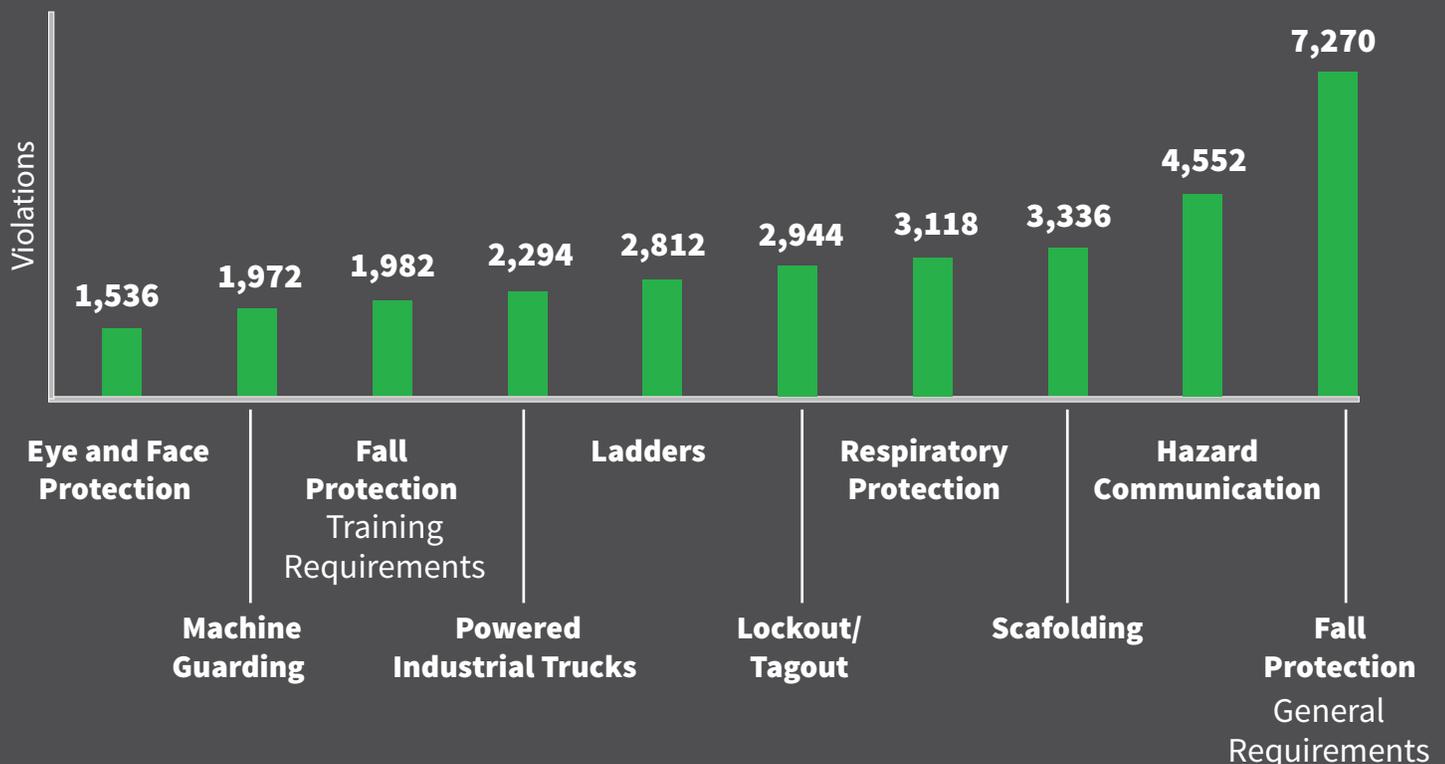
Every year, OSHA publishes the top ten most cited safety violations, the last of which was released in October 2018.⁴ This list usually contains the same group of risks to worker safety and health, with the occasional change in order. For instance, fall protection and hazard communications were the two most cited violations for the sixth consecutive year.

This is not to say that there are no changes in the list from year to year. Besides training requirements of fall protection moving up a position over machine guarding, the regulatory body has, for the first time in three years, cited personal protective and lifesaving equipment (PPE) for eye and face protection. This indicates that while the list is a useful starting point, organizations should by no means restrict their focus to the violations on the list.

A useful approach is to be aware of the most cited violations in your industry. The “Frequently Cited OSHA Standards”⁵ is a useful tool that organizations can leverage to identify the most cited violations. For instance, machine guarding comes in as the ninth most cited violation on the overall OSHA list. But for the manufacturing industry, which includes varied sub-industries from chemical manufacturing to food processing, it becomes the number one the most cited violation.

Such information can help you shape your organization’s policies and enforcement procedures. Moreover, knowing which violations affect your industry the most can help you benchmark your OH&S performance against that of your peers and competitors.

OSHA’s Top 10 Most Cited Occupational Hazards





The Penalty-Safety Connection

For most employers, eliminating workplace injuries is a goal regardless of the associated fines. Yet, considering the impact that on-the-job injuries have on organizations, stringent regulations and the imposition of larger fines may offer some indirect motivations for employers. Workplace incidents often result in reporting issues and workers' compensation complications leading to a negative influence on productivity, worker morale, and the bottom line.

The prospect of larger penalties, in that case, not only promotes a reduction in injuries but also paves the way for organizations to grow more profitable.



An Ounce of Prevention

Progressive organizations need to realize that simply complying with OSHA's regulations is only the first step in protecting their interests, at the heart of which lies worker and downstream user safety. The enforcement of increasingly stringent rules tends to influence the flow of legal compliance. And organizations can best profit from them by using them as a baseline for OH&S performance.

Sustaining a safe, efficient and compliant workplace is a complex task for any employer. And for companies with operations spanning multiple locations – often across state and federal borders – the complexity is much higher. In order to ensure conformity to safety standards, irrespective of the expanse of operations, employers must ensure contractor compliance. This includes checking whether they are operating safely, are compliant and up to date with all regulations, and are meeting the employer's internal standards of quality and service.

The amount of paperwork and communication required to keep an organization abreast with all of these parameters is huge. But when employers commit to safe and reliable contractors from the start, they gain control over their work sites and can ensure regulatory needs are met. An effective prequalification process helps organizations achieve compliance for all work sites and all employees.



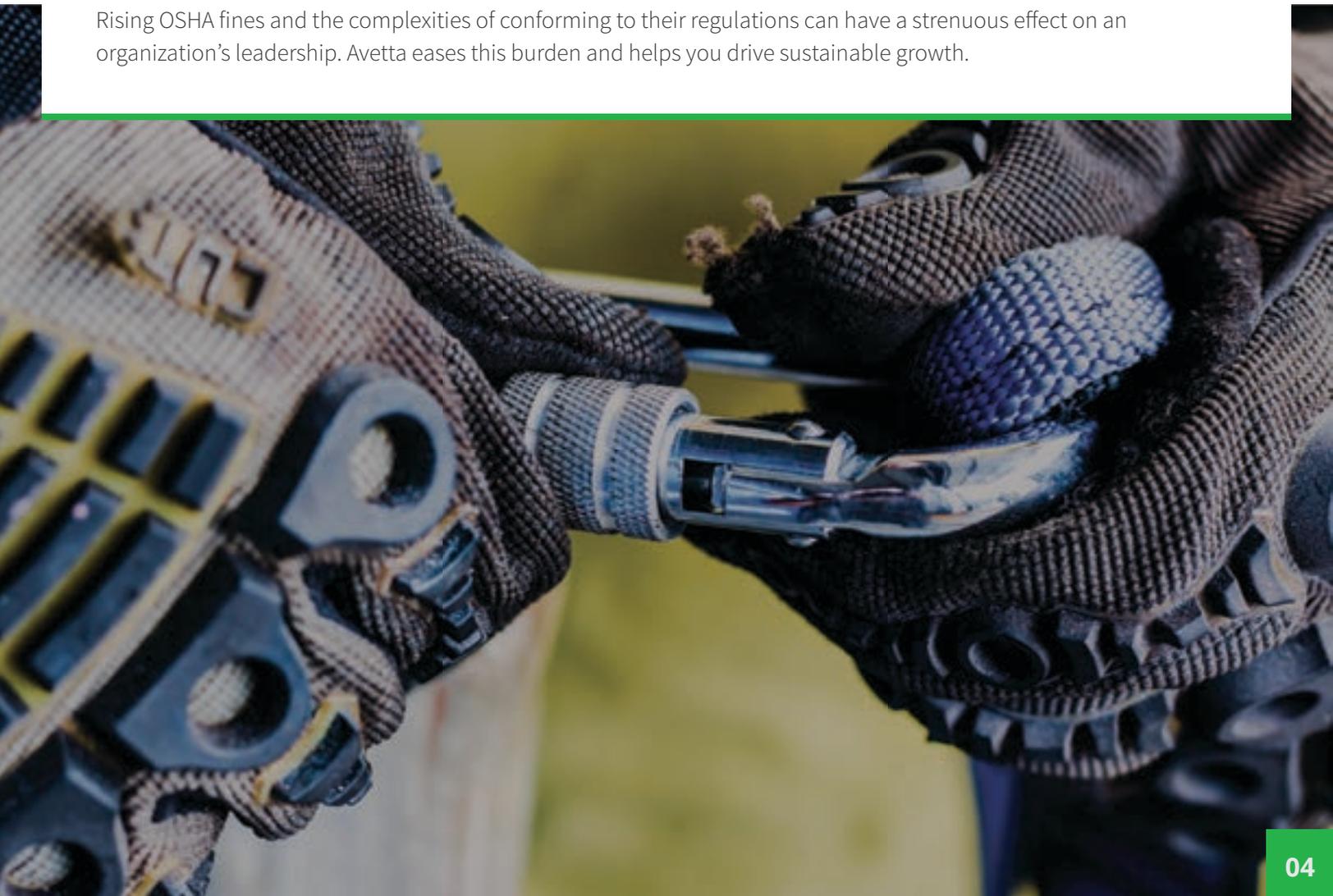
Committing to Safety

Creating a safety culture beyond the boundaries of the enterprise is the goal of contractor safety prequalification. When employers can verify contractors are on the same page in terms of safety and quality, everyone wins – and no one gets hit with an OSHA fine. After all, a little prevention goes a long way. This is where the benefits of a prequalification platform like Avetta can come in handy.

Our experience in pre-qualifying contractors against federal, local, and organizational standards spans industries like oil and gas, telecom, manufacturing, chemicals, transportation, and pharmaceuticals. Working in close quarters with leaders and experts has allowed us to gain extensive knowledge of occupational health and safety across these and many other industries.

On Avetta's contractor pre-qualification platform, all you need to do is specify your standards and you get immediate visibility into which contractors meet your requirements. Additionally, our technology platform, Connect, is the most configurable and easiest to use in the industry. Connect enables clients to configure goals, create and customize analytic dashboards, modify processes, and produce reports that will improve safety and compliance for their supply chain operations.

Rising OSHA fines and the complexities of conforming to their regulations can have a strenuous effect on an organization's leadership. Avetta eases this burden and helps you drive sustainable growth.



References

- ¹ **Source:** Implementation of the 2019 Annual Adjustment Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015, Occupational Safety and Health Administration; https://www.osha.gov/dep/enforcement/penalty_adjustment_01232019.html
- ² **Source:** Implementation of the 2019 Annual Adjustment Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015, Occupational Safety and Health Administration; https://www.osha.gov/dep/enforcement/penalty_adjustment_01232019.html
- ³ **Source:** OSHA Penalties; <https://www.osha.gov/penalties/>
- ⁴ **Source:** OSHA's Top 10 Most Cited Violations of 2018, MSDSONline; <https://www.msdsonline.com/2018/10/23/oshas-top-10-most-cited-violations-of-2018/>
- ⁵ **Source:** Frequently Cited OSHA Standards; <https://www.osha.gov/pls/imis/citedstandard.html>



About Avetta

Avetta connects leading global organizations with more than 85,000 qualified suppliers, contractors, and vendors across 100+ countries. We support the sustainable growth of supply chains through our trusted contractor prequalification, supplier audits, insurance monitoring, robust analytics and more. With real results in helping companies reduce TRIR, our highly configurable solutions elevate safety and sustainability in workplaces around the world—helping workers get home to their families each night.