

# OSHA Slashes Penalties for Small Employers and Quick Fixers: What You Can Do to Benefit From Latest Change

Insights

7.15.25

The U.S. Department of Labor just overhauled OSHA's penalty guidelines to give small employers and safety-conscious businesses a financial break. Effective immediately, the new policy:

- significantly increases penalty reductions for **small businesses**
- offers new incentives for employers who **quickly fix hazards**
- rewards companies with **clean safety records**

However, the agency still made clear in Monday's announcement that it will maintain enforcement authority and hold employers accountable if they maintain unsafe work conditions, so yesterday's news isn't a get-out-of-jail-free card. Here's what employers need to know, and five steps you can take to position yourself for this new development.

## New OSHA Penalty Reduction Opportunities



### Small Businesses

Employers with 25 or fewer employees eligible for 70% reduction



### Quick Hazard Corrections

Employers that immediately fix hazards eligible for 15% reduction



### Clean History

Employers with good inspection track records eligible for 20% reduction

**Note: Penalty reductions can be combined**

## What Changed

The new policy, issued July 14, updates Chapter 6 of OSHA's *Field Operations Manual* ("Penalties and Debt Collection") and includes three major penalty reduction opportunities:

- **Small Business Relief**

Employers with **25 or fewer employees** are now eligible for a **70% penalty reduction** (up from the previous cap of 10 employees).

- **Quick Hazard Correction Incentive**

A new **15% reduction** is available for employers that **immediately fix a hazard** identified during an inspection.

- **Clean History Credit**

Employers are now eligible for a **20% reduction** if:

- They've **never been inspected** by OSHA or a state OSHA plan; or
- They've been inspected in the past five years but **had no serious, willful, repeat, or failure-to-abate violations**.

These reductions can be combined, meaning small, proactive, and historically compliant employers could see penalties reduced by **over 80%** in some cases.

### **When is this Effective?**

The new policy applies only to penalties issued on or after July 14, 2025.

- Open investigations that haven't yet resulted in penalties will be assessed under the new framework.
- Penalties issued before this date remain governed by the old structure.

### **Why It Matters**

This marks one of the most employer-friendly shifts in OSHA's enforcement approach in years, particularly for small businesses:

- **Real savings for small firms.** A 70% reduction in proposed penalties can make a critical difference for smaller employers navigating narrow margins and limited legal resources.
- **Incentivizing immediate fixes.** By offering a quick-fix credit, OSHA is clearly prioritizing real-time hazard abatement over drawn-out penalty negotiations.

- **Clean history pays off.** Employers with no OSHA history or a history with nothing more than other-than-serious citations now have a concrete reason to invest in preventative compliance programs.

## **5 Steps Employers Should Consider Now**

To take full advantage of the new policy, businesses – especially smaller employers – should consider taking these five steps:

### **1. Reassess workforce size regularly.**

Confirm whether your business qualifies for the  $\leq 25$  employee threshold. This count may fluctuate throughout the year, so monitor staffing closely.

### **2. Create a “quick fix” response plan.**

Train supervisors to act fast on any hazard identified by OSHA or internal audits. Immediate abatement must be clearly documented to qualify for the 15% reduction.

### **3. Review inspection history.**

If your business has avoided OSHA violations over the past five years, or has never been inspected, you could be entitled to a 20% discount. Prepare documentation as necessary to prove your compliance.

### **4. Strengthen compliance systems.**

Use this moment as an opportunity to refresh workplace safety protocols, enhance training, and document hazard mitigation efforts. Compliance has never before been so valuable.

### **5. Prepare to negotiate.**

If facing an OSHA citation, work with your FP Workplace Safety counsel to leverage your eligibility for reductions, especially if you’re correcting hazards proactively and operating in good faith.

## **Key Final Points**

- **State plan adoption may vary.** Not all states will implement these changes immediately. Employers in state-plan jurisdictions should check for localized guidance or timelines.
- **Discretion still matters.** OSHA can deny reductions in egregious or repeat violation cases. You will want to maintain clear records to show good-faith efforts and a culture of safety.

- **Watch broader trends.** This update reflects a broader federal effort to balance enforcement with regulatory flexibility for smaller businesses. Future changes may follow a similar model.

## Conclusion

If you have any questions about OSHA compliance, contact the authors of this Insight, your Fisher Phillips attorney, or any attorney on our [Workplace Safety team](#). Make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information.

## Related People



**Todd B. Logsdon**

Partner

502.561.3971

[Email](#)



**Robin Repass**

Partner

202.978.3084

[Email](#)



**Travis W. Vance**  
Regional Managing Partner  
704.778.4164  
[Email](#)



**Kristin R.B. White**  
Partner  
303.218.3658  
[Email](#)

## ***Service Focus***

Workplace Safety and Catastrophe Management  
Government Relations