



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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THE DIRECTOR

April 17, 2026

M-26-11

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Russell T. Vought
Director

SUBJECT: Cancellation of Penalty Inflation Adjustments for 2026, Regarding the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015

Overview

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (the 2015 Act) (Pub. L. No. 114-74, Sec. 701), which further amended the Federal Civil Penalties Inflation Adjustment Act of 1990 (the Inflation Adjustment Act) (Pub. L. No. 101-410), was enacted on November 2, 2015.¹

On an annual basis, the 2015 Act requires agencies to:

- 1) adjust the level of civil monetary penalties for inflation based on Consumer Price Index (CPI-U) data from the Bureau of Labor Statistics (BLS);² and
- 2) report inflation adjustments in the Agency Financial Reports (AFRs) as directed by OMB Circular A-136, or any successor thereto.³

Per the 2015 Act, the annual civil monetary penalties cost-of-living adjustment is based on BLS data from the month of October of the prior year. Due to the government shutdown, BLS was unable to produce the October 2025 data. Based on the lack of October 2025 CPI-U data, which is needed to make adjustments under the 2015 Act, there will be no updated cost-of-living adjustment multiplier for 2026 and agencies will continue using the 2025 civil monetary penalty

¹ Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, § 701(b)(1)(A) (codified as amended at 28 U.S.C. § 2461 note).

² OMB Memorandum [M-16-06](#), Implementation of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, published February 24, 2016, guided agencies on initial “catch-up” adjustment requirements, and subsequent memoranda, including [M-24-07](#), guided agencies on annual adjustment requirements. 2026 is the first-year adjustments are not required.

³ [OMB Circular A-136](#), Financial Reporting Requirements, Section II.4.7, provides that agencies must make annual inflation adjustments to civil monetary penalties and report on the adjustments in the Agency Financial Report (AFR) or Performance and Accountability Report (PAR).

levels as applicable.⁴

The purpose of this guidance is to inform agencies of the cancellation of the inflation adjustment for 2026 based on the lack of October 2025 CPI-U data due to the lapse in appropriations.

Identifying Applicable Penalties

Agencies are responsible for identifying the civil monetary penalties that fall under the statutes and regulations within their jurisdiction.

The Inflation Adjustment Act defines “civil monetary penalty” as any penalty, fine, or other sanction that -

- (A) (i) is for a specific monetary amount as provided by Federal law; or
(ii) has a maximum amount provided for by Federal law; and
- (B) is assessed or enforced by an agency pursuant to Federal law; and
- (C) is assessed or enforced pursuant to an administrative proceeding or a civil action in the Federal courts⁵

The Office of Information and Regulatory Affairs (OIRA) has determined agency regulations that (1) exclusively implement an annual adjustment, (2) are consistent with this guidance, and (3) have an annual impact of less than \$100 million are generally not significant regulatory actions under Executive Order 12866. Therefore, agencies are generally not required to submit regulations satisfying those criteria to OIRA for review.

Publishing in the Federal Register

Agencies are required to publish annual inflation adjustments in the Federal Register each year. In accordance with the 2015 Act, when issuing regulations implementing the annual adjustment, agencies are not required to follow the public notice and comment procedures generally required by the Administrative Procedure Act (APA).⁶ Specific penalty amounts that are codified in the Code of Federal Regulations (CFR) should be updated through regulations amending the CFR. Some agencies have chosen to remove their specific penalty amounts from the CFR and have instead codified the statutory formula for inflation adjustments.⁷ Regardless of

⁴ The Act mandates that the annual civil monetary penalties cost-of-living adjustment be based on BLS data from the month of October of the prior year and does not provide for an alternative calculation in the unusual event that there is not October data. Thus, as a matter of statutory interpretation, there is not authority to use an alternative method of calculation. Moreover, OMB has determined that any effort to do so, contra the statute, would subject revised penalty calculations to significant and disruptive litigation risks.

⁵ Federal Civil Penalties Inflation Adjustment Act of 1990, Pub. L. No. 101-410, § 3(2), 104 Stat. 890 (codified at 28 U.S.C. § 2461 note).

⁶ *Id.* § 4(b)(2) (providing that the head of an agency “shall make the adjustment notwithstanding section 553 of title 5, United States Code”).

⁷ *See, e.g.*, Soc. Sec. Admin., Penalty Inflation Adjustments for Civil Monetary Penalties, 81 Fed. Reg. 41438 (June 27, 2016) (codified at 20 C.F.R. § 498.103(g)).

whether the application of the statutory formula results in a change to penalty amounts for a given year, agencies must still publish a notice in the Federal Register reflecting the outcome of the annual adjustment.⁸

Performing Agency Oversight

Under the 2015 Act, agency heads are responsible for tracking information on civil monetary penalties within their jurisdiction. Agencies must maintain and report updates to civil monetary penalties on an annual basis through their AFRs, as directed by OMB Circular A-136.

⁸ 1 C.F.R. §§ 1.1, 5.2(c).