

Subject standard	Standard and summary
Summary—Transportation Standards	The proposed transportation standards focus broadly on the applicant having a reliable, legal, and safe mode of transportation for a child in foster care to attend appointments, visitation, and meetings. We also propose that only adults in the home be permitted to transport children in foster care and only those having a driving record in good standing. We specifically avoid proposing standards that could impact a foster parent based on geographic location and income. For example, some states require foster parents to have their own vehicle. However, applicants in states with a high urban population may not have access to or need a vehicle. Rather, they rely upon public transportation.
Training	G. Training: a. Applicants must complete pre-licensing training on the following topics: legal rights, roles, responsibilities and expectations of foster parents; agency structure, purpose, policies, and services; laws and regulations; the impact of childhood trauma; managing child behaviors; first aid (including cardiopulmonary resuscitation (CPR) for the ages of the children in placement) and medication administration; and the importance of maintaining meaningful connections between the child and parents, including regular visitation. Foster parents must participate in ongoing training to receive instruction to support their parental roles and ensure the parent is up to date with agency requirements. Further, this training may also include child-specific training and/or may address issues relevant to the general population of children in foster care.
Summary—Training	The proposed training standards include both pre-licensing and ongoing training and include mandatory training topics. The purpose of the pre-licensing training standards is to provide information to applicants so they can make an informed decision about their commitment to foster a child. In addition, the pre-service training is to prepare the applicant to be licensed as a foster parent. This includes training on the reasonable and prudent parent standard per section 471(a)(24) of the Act. The ongoing training is to ensure the parent receives ongoing instruction to support their parental roles and remain up to date on policies, requirements, and services. Therefore, there are no mandatory topics, as these depend on agency priorities and specific individual needs.
Foster Parent Assurances	H. Foster Parent Assurances: Applicants must agree to comply with their roles and responsibilities as discussed with the title IV–E agency once a child is placed in their care. The title IV–E agency must require assurances including: <ul style="list-style-type: none"> a. Applicants will not use corporal or degrading punishment b. Applicants will not use any illegal substances, abuse alcohol by consuming it in excess amounts, or abuse legal prescription and/or nonprescription drugs by consuming them in excess amounts or using them contrary to as indicated. b. Applicants and their guests will not smoke in the family foster home, in any vehicle used to transport the child, or in the presence of the child in foster care. c. Applicants will adhere to the title IV–E agency’s reasonable and prudent parent standard per section 472(c)(1)(A)(ii)(I) of the Act.
Summary—Foster Parent Assurances	There are four proposed foster parent assurances are broadly written to apply across title IV–E jurisdictions which cover corporal punishment, alcohol and drug use, the reasonable and prudent parent standard and smoking. Assurances help potential foster family to have a clear understanding of expectations prior to approval as a foster home, cover behaviors which cannot be verified as part of the home study and typically are expectations after a home is licensed. Title IV–E agencies may wish to develop additional assurances as appropriate to their jurisdiction.

Dated: July 24, 2018.

Steven Wagner,

Acting Assistant Secretary for Children and Families.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2017–N–0007]

Outsourcing Facility Fee Rates for Fiscal Year 2019

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing the fiscal year (FY) 2019 rates for the establishment and re-inspection fees related to entities that compound human drugs and elect to register as outsourcing facilities under the Federal Food, Drug, and Cosmetic Act (the FD&C Act). The FD&C Act authorizes FDA to assess and collect an annual establishment fee from outsourcing

facilities, as well as a re-inspection fee for each re-inspection of an outsourcing facility. This document establishes the FY 2019 rates for the small business establishment fee (\$5,461), the non-small business establishment fee (\$18,375), and the re-inspection fee (\$16,382) for outsourcing facilities; provides information on how the fees for FY 2019 were determined; and describes the payment procedures outsourcing facilities should follow. These fee rates are effective October 1, 2018, and will remain in effect through September 30, 2019.

FOR FURTHER INFORMATION CONTACT: For more information on human drug compounding and outsourcing facility fees: Visit FDA’s website at: <https://www.fda.gov/Drugs/Guidance/ComplianceRegulatoryInformation/PharmacyCompounding/default.htm>.

² Task Force on Sudden Infant Death Syndrome. “SIDS and Other Sleep-Related Infant Deaths: Updated 2016 Recommendations for a Safe Infant Sleeping Environment.” *Pediatrics*, 138, no. 5 (2016): 1, <http://pediatrics.aappublications.org/content/138/5/e20162938>.

³ *Ibid.*, 2–4.

For questions relating to this notice: Melissa Hurley, Office of Financial Management, Food and Drug Administration, 8455 Colesville Rd., COLE-14202J, Silver Spring, MD 20993-0002, 240-402-4585.

SUPPLEMENTARY INFORMATION:

I. Background

The Drug Quality and Security Act (DQSA) contains important provisions relating to the oversight of compounding human drugs. Title I of this law, the Compounding Quality Act, created a new section 503B in the FD&C Act (21 U.S.C. 353b). Under section 503B of the FD&C Act, a human drug compounder can become an “outsourcing facility.”

Outsourcing facilities, as defined in section 503B(d)(4) of the FD&C Act, are facilities that meet all of the conditions described in section 503B(a), including registering with FDA as an outsourcing facility and paying an annual establishment fee. If the conditions of section 503B are met, a drug compounded by or under the direct supervision of a licensed pharmacist in an outsourcing facility is exempt from three sections of the FD&C Act: (1) Section 502(f)(1) (21 U.S.C. 352(f)(1)) concerning the labeling of drugs with adequate directions for use; (2) section 505 (21 U.S.C. 355) concerning the approval of human drug products under new drug applications (NDAs) or

abbreviated new drug applications (ANDAs); and (3) section 582 (21 U.S.C. 360eee-1) concerning drug supply chain security requirements. Drugs compounded in outsourcing facilities are not exempt from the requirements of section 501(a)(2)(B) of the FD&C Act (21 U.S.C. 351(a)(2)(B)) concerning current good manufacturing practice requirements for drugs.

Section 744K of the FD&C Act (21 U.S.C. 379j-62) authorizes FDA to assess and collect the following fees associated with outsourcing facilities: (1) An annual establishment fee from each outsourcing facility and (2) a re-inspection fee from each outsourcing facility subject to a re-inspection (see section 744K(a)(1) of the FD&C Act). Under statutorily defined conditions, a qualified applicant may pay a reduced small business establishment fee (see section 744K(c)(4) of the FD&C Act).

FDA announced in the **Federal Register** of November 24, 2014 (79 FR 69856), the availability of a final guidance for industry entitled “Fees for Human Drug Compounding Outsourcing Facilities Under Sections 503B and 744K of the FD&C Act.” The guidance provides additional information on the annual fees for outsourcing facilities and adjustments required by law, re-inspection fees, how to submit payment, the effect of failure to pay fees, and how to qualify as a small business to obtain a reduction of the annual establishment

fee. This guidance can be accessed on FDA’s website at: <https://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/Guidances/UCM391102.pdf>.

II. Fees for FY 2019

A. Methodology for Calculating FY 2019 Adjustment Factors

1. Inflation Adjustment Factor

Section 744K(c)(2) of the FD&C Act specifies the annual inflation adjustment for outsourcing facility fees. The inflation adjustment has two components: One based on FDA’s payroll costs and one based on FDA’s non-payroll costs for the first 3 of the 4 previous fiscal years. The payroll component of the annual inflation adjustment is calculated by taking the average change in FDA’s per-full time equivalent (FTE) personnel compensation and benefits (PC&B) in the first 3 of the 4 previous fiscal years (see section 744K(c)(2)(A)(ii) of the FD&C Act). FDA’s total annual spending on PC&B is divided by the total number of FTEs per fiscal year to determine the average PC&B per FTE.

Table 1 summarizes the actual cost and FTE data for the specified fiscal years, and provides the percent change from the previous fiscal year and the average percent change over the first 3 of the 4 fiscal years preceding FY 2019. The 3-year average is 2.4152 percent.

TABLE 1—FDA PC&BS EACH YEAR AND PERCENT CHANGE

Fiscal year	2015	2016	2017	3-year average
Total PC&B	\$2,232,304,000	\$2,414,728,159	\$2,581,551,000	.....
Total FTE	15,484	16,381	17,022	.....
PC&B per FTE	\$144,168	\$147,408	\$151,660	.....
Percent change from previous year	2.1136%	2.2474%	2.8845%	2.4152%

Section 744K(c)(2)(A)(ii) of the FD&C Act specifies that this 2.4152 percent should be multiplied by the proportion

of PC&B to total costs of an average FDA FTE for the same 3 fiscal years.

TABLE 2—FDA PC&BS AS A PERCENT OF FDA TOTAL COSTS OF AN AVERAGE FTE

Fiscal year	2015	2016	2017	3-year average
Total PC&B	\$2,232,304,000	\$2,414,728,159	\$2,581,551,000	.....
Total Costs	\$4,510,565,000	\$4,666,236,000	\$5,104,580,000	.....
PC&B Percent	49.4906%	51.7490%	50.5732%	50.6043%

The payroll adjustment is 2.4152 percent multiplied by 50.6043 percent, or 1.2222 percent.

Section 744K(c)(2)(A)(iii) of the FD&C Act specifies that the portion of the inflation adjustment for non-payroll costs for FY 2019 is equal to the average annual percent change in the Consumer

Price Index (CPI) for urban consumers (U.S. City Average; Not Seasonally Adjusted; All items; Annual Index) for the first 3 years of the preceding 4 years of available data, multiplied by the proportion of all non-PC&B costs to total costs of an average FDA FTE for the same period.

Table 2 provides the summary data for the percent change in the specified CPI for U.S. cities. These data are published by the Bureau of Labor Statistics and can be found on its website: <https://data.bls.gov/cgi-bin/surveymost?cu>. The data can be viewed by checking the box marked “U.S. All

items, 1982–84 = 100—CUUR0000SA0” and then selecting “Retrieve Data.”

TABLE 3—ANNUAL AND 3-YEAR AVERAGE PERCENT CHANGE IN U.S. CITY AVERAGE CPI

Year	2015	2016	2017	3-year average
Annual CPI	237.017	240.007	245.120	.....
Annual Percent Change	0.1187%	1.2615%	2.1304%	1.1702%

Section 744K(c)(2)(A)(iii) of the FD&C Act specifies that this 1.1702 percent should be multiplied by the proportion of all non-PC&B costs to total costs of an average FTE for the same 3 fiscal years. The proportion of all non-PC&B costs to total costs of an average FDA FTE for FYs 2015 to 2017 is 49.3957 percent (100 percent – 50.6043 percent = 49.3957 percent). Therefore, the non-pay adjustment is 1.1702 percent times 49.3957 percent, or 0.5780 percent.

The PC&B component (1.2222 percent) is added to the non-PC&B component (0.5780 percent), for a total inflation adjustment of 1.8002 percent (rounded). Section 744K(c)(2)(A)(i) of the FD&C Act specifies that one is added to that figure, making the inflation adjustment 1.018002.

Section 744K(c)(2)(B) of the FD&C Act provides for this inflation adjustment to be compounded after FY 2015. This factor for FY 2019 (1.8002 percent) is compounded by adding one to it, and then multiplying it by one plus the inflation adjustment factor for FY 2018 (7.2835 percent), as published in the **Federal Register** of August 2, 2017 (82 FR 35962 at 35965). The result of this multiplication of the inflation factors for the 4 years since FY 2015 (1.018002 × 1.072835) becomes the inflation adjustment for FY 2019. For FY 2019, the inflation adjustment is 9.2148 percent (rounded). We then add one, making the FY 2019 inflation adjustment factor 1.092148.

2. Small Business Adjustment Factor

Section 744K(c)(3) of the FD&C Act specifies that in addition to the inflation adjustment factor, the establishment fee for non-small businesses is to be further adjusted for a small business adjustment factor. Section 744K(c)(3)(B) of the FD&C Act provides that the small business adjustment factor is the adjustment to the establishment fee for non-small businesses that is necessary to achieve total fees equaling the amount that FDA would have collected if no entity qualified for the small business exception in section 744K(c)(4) of the FD&C Act. Additionally, section 744K(c)(5)(A) states that in establishing the small business adjustment factor for a fiscal year, FDA shall provide for the

crediting of fees from the previous year to the next year if FDA overestimated the amount of the small business adjustment factor for such previous fiscal year.

Therefore, to calculate the small business adjustment to the establishment fee for non-small businesses for FY 2019, FDA must estimate: (1) The number of outsourcing facilities that will pay the reduced fee for small businesses for FY 2019 and (2) the total fee revenue it would have collected if no entity had qualified for the small business exception (*i.e.*, if each entity that registers as an outsourcing facility for FY 2019 were to pay the inflation-adjusted fee amount of \$16,382).

With respect to (1), FDA estimates that 14 entities will qualify for small business exceptions and will pay the reduced fee for FY 2019. With respect to (2), to estimate the total number of entities that will register as outsourcing facilities for FY 2019, FDA used data submitted by outsourcing facilities through the voluntary registration process, which began in December 2013. Accordingly, FDA estimates that 82 outsourcing facilities, including 14 small businesses, will be registered with FDA in FY 2019.

If the projected 82 outsourcing facilities paid the full inflation-adjusted fee of \$16,382, this would result in total revenue of \$1,343,324 in FY 2019 (\$16,382 × 82). However, 14 of the entities that are expected to register as outsourcing facilities for FY 2019 are projected to qualify for the small business exception and to pay one-third of the full fee (\$5,461 × 14), totaling \$76,454 instead of paying the full fee (\$16,382 × 14), which would total \$229,348. This would leave a potential shortfall of \$152,894 (\$229,348 – \$76,454).

Additionally, section 744K(c)(5)(A) of the FD&C Act states that in establishing the small business adjustment factor for a fiscal year, FDA shall provide for the crediting of fees from the previous year to the next year if FDA overestimated the amount of the small business adjustment factor for such previous fiscal year. FDA has determined that it is appropriate to credit excess fees

collected from the last completed fiscal year, due to the inability to conclusively determine the amount of excess fees from the fiscal year that is in progress at the time this calculation is made. This crediting is done by comparing the small business adjustment factor for the last completed fiscal year, FY 2017 (\$1,137), to what would have been the small business adjustment factor for FY 2017 (\$892) if FDA had estimated perfectly.

The calculation for what the small business adjustment would have been if FDA had estimated perfectly begins by determining the total target collections (15,000 × [inflation adjustment factor] × [number of registrants]). For the most recent complete fiscal year, FY 2017, this was \$1,219,449 (\$15,837 × 77). The actual FY 2017 revenue from the 77 total registrants (*i.e.*, 71 registrants paying FY 2017 non-small business establishment fee and six small business registrants) paying establishment fees is \$1,156,101. \$1,156,101 is calculated as follows: (FY 2017 Non-Small Business Establishment Fee adjusted for inflation only) × (total number of registrants in FY 2017 paying Non-Small Business Establishment Fee) + (FY 2017 Small Business Establishment Fee) × (total number of small business registrants in FY 2017 paying Small Business Establishment Fee). \$15,837 × 71 + \$5,279 × 6 = \$1,156,101. This left a shortfall of \$63,348 from the estimated total target collection amount (\$1,219,449 – \$1,156,101). \$63,348 divided by the total number of registrants in FY 2017 paying Standard Establishment Fee (71) equals \$892.

The difference between the small business adjustment factor used in FY 2017 and the small business adjustment factor that would have been used had FDA estimated perfectly; is \$245 (\$1,137 – \$892). The \$245 (rounded to the nearest dollar) is then multiplied by the number of actual registrants who paid the standard fee for FY 2017 (71), which provides us a total excess collection of \$17,380 in FY 2017.

Therefore, to calculate the small business adjustment factor for FY 2019, FDA subtracts \$17,380 from the projected shortfall of \$152,894 for FY 2019 to arrive at the numerator for the

small business adjustment amount, which equals \$135,514. This number divided by 68 (the number of expected non-small businesses for FY 2019) is the small business adjustment amount for FY 2019, which is \$1,993 (rounded to the nearest dollar).

B. FY 2019 Rates for Small Business Establishment Fee, Non-Small Business Establishment Fee, and Re-Inspection Fee

1. Establishment Fee for Qualified Small Businesses ¹

The amount of the establishment fee for a qualified small business is equal to \$15,000 multiplied by the inflation adjustment factor for that fiscal year, divided by three (see section 744K(c)(4)(A) and (c)(1)(A) of the FD&C Act). The inflation adjustment factor for FY 2019 is 1.092148. See section II.A.1 for the methodology used to calculate the FY 2019 inflation adjustment factor. Therefore, the establishment fee for a qualified small business for FY 2019 is one third of \$16,382, which equals \$5,461 (rounded to the nearest dollar).

2. Establishment Fee for Non-Small Businesses

Under section 744K(c) of the FD&C Act, the amount of the establishment fee for a non-small business is equal to \$15,000 multiplied by the inflation adjustment factor for that fiscal year, plus the small business adjustment factor for that fiscal year, and plus or minus an adjustment factor to account for over- or under-collections due to the small business adjustment factor in the prior year. The inflation adjustment factor for FY 2019 is 1.092148. The small business adjustment amount for FY 2019 is \$1,993. See section II.A.2 for the methodology used to calculate the small business adjustment factor for FY 2019. Therefore, the establishment fee for a non-small business for FY 2019 is \$15,000 multiplied by 1.092148 plus \$1,993, which equals \$18,375 (rounded to the nearest dollar).

3. Re-Inspection Fee

Section 744K(c)(1)(B) of the FD&C Act provides that the amount of the FY 2019

re-inspection fee is equal to \$15,000, multiplied by the inflation adjustment factor for that fiscal year. The inflation adjustment factor for FY 2019 is 1.092148. Therefore, the re-inspection fee for FY 2019 is \$15,000 multiplied by 1.092148, which equals \$16,382 (rounded to the nearest dollar). There is no reduction in this fee for small businesses.

C. Summary of FY 2019 Fee Rates

TABLE 4—OUTSOURCING FACILITY FEES

Qualified Small Business Establishment Fee	\$5,461
Non-Small Business Establishment Fee	18,375
Re-inspection Fee	16,382

III. Fee Payment Options and Procedures

A. Establishment Fee

Once an entity submits registration information and FDA has determined that the information is complete, the entity will incur the annual establishment fee. FDA will send an invoice to the entity, via email to the email address indicated in the registration file, or via regular mail if email is not an option. The invoice will contain information regarding the obligation incurred, the amount owed, and payment procedures. A facility will not be registered as an outsourcing facility until it has paid the annual establishment fee under section 744K of the FD&C Act. Accordingly, it is important that facilities seeking to operate as outsourcing facilities pay all fees immediately upon receiving an invoice. If an entity does not pay the full invoiced amount within 15 calendar days after FDA issues the invoice, FDA will consider the submission of registration information to have been withdrawn and adjust the invoice to reflect that no fee is due.

Outsourcing facilities that registered in FY 2018 and wish to maintain their status as an outsourcing facility in FY 2019 must register during the annual registration period that lasts from October 1, 2018, to December 31, 2018. Failure to register and complete payment by December 31, 2018, will result in a loss of status as an outsourcing facility on January 1, 2019. Entities should submit their registration information no later than December 10, 2018, to allow enough time for review of the registration information, invoicing, and payment of fees before the end of the registration period.

B. Re-Inspection Fee

FDA will issue invoices for each re-inspection after the conclusion of the re-inspection, via email to the email address indicated in the registration file or via regular mail if email is not an option. Invoices must be paid within 30 days.

C. Fee Payment Procedures

1. The preferred payment method is online using electronic check (Automated Clearing House (ACH) also known as eCheck) or credit card (Discover, VISA, MasterCard, American Express). Secure electronic payments can be submitted using the User Fees Payment Portal at <https://userfees.fda.gov/pay>. (Note: only full payments are accepted. No partial payments can be made online.) Once you search for your invoice, click “Pay Now” to be redirected to Pay.gov. Electronic payment options are based on the balance due. Payment by credit card is available for balances less than \$25,000. If the balance exceeds this amount, only the ACH option is available. Payments must be made using U.S bank accounts as well as U.S. credit cards.

2. If paying with a paper check: Checks must be in U.S. currency from a U.S. bank and made payable to the Food and Drug Administration. Payments can be mailed to: Food and Drug Administration, P.O. Box 979033, St. Louis, MO 63197-9000. If a check is sent by a courier that requests a street address, the courier can deliver the check to: U.S. Bank, Attn: Government Lockbox 979033, 1005 Convention Plaza, St. Louis, MO 63101. (Note: This U.S. Bank address is for courier delivery only. If you have any questions concerning courier delivery, contact the U.S. Bank at 314-418-4013).

3. When paying by wire transfer, the invoice number must be included. Without the invoice number the payment may not be applied. Regarding re-inspection fees, if the payment amount is not applied, the invoice amount will be referred to collections. The originating financial institution may charge a wire transfer fee. If the financial institution charges a wire transfer fee, it is required that the outsourcing facility add that amount to the payment to ensure that the invoice is paid in full. Use the following account information when sending a wire transfer: New York Federal Reserve Bank, U.S. Dept of Treasury, TREAS NYC, 33 Liberty St., New York, NY 10045, Acct. No. 75060099, Routing No. 021030004, SWIFT: FRNYUS33. If

¹ To qualify for a small business reduction of the FY 2019 establishment fee, entities had to submit their exception requests by April 30, 2018. See section 744K(c)(4)(B) of the FD&C Act. The time for requesting a small business exception for FY 2019 has now passed. An entity that wishes to request a small business exception for FY 2020 should consult section 744K(c)(4) of the FD&C Act and section III.D of FDA’s guidance for industry entitled “Fees for Human Drug Compounding Outsourcing Facilities Under Sections 503B and 744K of the FD&C Act,” which can be accessed on FDA’s website at <https://www.fda.gov/downloads/drugs/guidancecomplianceregulatoryinformation/guidances/ucm391102.pdf>.

needed, FDA’s tax identification number is 53–0196965.

Dated: July 26, 2018.

Leslie Kux,

Associate Commissioner for Policy.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2017–N–0007]

Prescription Drug User Fee Rates for Fiscal Year 2019

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing the rates for prescription drug user fees for fiscal year (FY) 2019. The Federal Food, Drug, and Cosmetic Act (FD&C Act), as amended by the Prescription Drug User Fee Amendments of 2017 (PDUFA VI), authorizes FDA to collect application fees for certain applications for the review of human drug and biological products, and prescription drug program fees for certain approved products. This notice establishes the fee rates for FY 2019.

FOR FURTHER INFORMATION CONTACT: Lola Olajide, Office of Financial Management, Food and Drug Administration, 8455 Colesville Rd., COLE–14541B, Silver Spring, MD 20993–0002, 240–402–4244.

SUPPLEMENTARY INFORMATION:

I. Background

Sections 735 and 736 of the FD&C Act (21 U.S.C. 379g and 379h, respectively) establish two different kinds of user fees. Fees are assessed as follows: (1) Application fees are assessed on certain types of applications for the review of human drug and biological products; and (2) prescription drug program fees are assessed on certain approved products (section 736(a) of the FD&C Act). When specific conditions are met, FDA may waive or reduce fees (section 736(d) of the FD&C Act).

For FY 2018 through FY 2022, the base revenue amounts for the total revenues from all PDUFA fees are established by PDUFA VI. The base revenue amount for FY 2019 is \$935,903,507. The FY 2019 base revenue amount is adjusted for inflation and for the resource capacity needs for the process for the review of human drug applications (the capacity planning adjustment). An additional dollar amount specified in the statute (see section 736(b)(1)(F) of the FD&C Act) is then added to provide for additional full-time equivalent (FTE) positions to support PDUFA VI initiatives. The FY 2019 revenue amount may be adjusted further, if necessary, to provide for sufficient operating reserves of carryover user fees. Finally, the amount is adjusted to provide for additional direct costs to fund PDUFA VI initiatives. Fee amounts are to be established each year so that revenues from application fees provide 20 percent of the total revenue, and prescription drug program fees provide 80 percent of the total revenue.

This document provides fee rates for FY 2019 for an application requiring clinical data (\$2,588,478), for an

application not requiring clinical data (\$1,294,239), and for the prescription drug program fee (\$309,915). These fees are effective on October 1, 2018, and will remain in effect through September 30, 2019. For applications that are submitted on or after October 1, 2018, the new fee schedule must be used.

II. Fee Revenue Amount for FY 2019

The base revenue amount for FY 2019 is \$935,903,507 prior to adjustments for inflation, capacity planning, additional FTE, operating reserve, and additional direct costs (see section 736(b)(1) of the FD&C Act).

A. FY 2018 Statutory Fee Revenue Adjustments for Inflation

PDUFA VI specifies that the \$935,903,507 is to be adjusted for inflation increases for FY 2019 using two separate adjustments—one for personnel compensation and benefits (PC&B) and one for non-PC&B costs (see section 736(c)(1) of the FD&C Act).

The component of the inflation adjustment for payroll costs shall be one plus the average annual percent change in the cost of all PC&B paid per FTE positions at FDA for the first 3 of the preceding 4 FYs, multiplied by the proportion of PC&B costs to total FDA costs of the process for the review of human drug applications for the first 3 of the preceding 4 FYs (see section 736(c)(1)(A) and (c)(1)(B) of the FD&C Act).

Table 1 summarizes the actual cost and FTE data for the specified FYs and provides the percent changes from the previous FYs and the average percent changes over the first three of the four FYs preceding FY 2019. The 3-year average is 2.4152 percent.

TABLE 1—FDA PERSONNEL COMPENSATION AND BENEFITS (PC&B) EACH YEAR AND PERCENT CHANGES

Fiscal year	2015	2016	2017	3-year average
Total PC&B	\$2,232,304,000	\$2,414,728,159	\$2,581,551,000	.....
Total FTE	15,484	16,381	17,022	.....
PC&B per FTE	\$144,168	\$147,408	\$151,660	.....
Percent Change From Previous Year	2.1136	2.2474	2.8845	2.4152

The statute specifies that this 2.4152 percent be multiplied by the proportion of PC&B costs to the total FDA costs of

the process for the review of human drug applications. Table 2 shows the PC&B and the total obligations for the

process for the review of human drug applications for the first three of the preceding four FYs.

TABLE 2—PC&B AS A PERCENT OF TOTAL COST OF THE PROCESS FOR THE REVIEW OF HUMAN DRUG APPLICATIONS

Fiscal year	2015	2016	2017	3-year average
Total PC&B	\$615,483,892	\$652,508,273	\$711,016,627	.....
Total Costs	\$1,127,664,528	\$1,157,817,695	\$1,206,657,269	.....
PC&B Percent	54.5804	56.3567	58.9245	56.6205