DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

49 CFR Part 1548

[Docket No. TSA–2020–0002]

RIN 1652–AA72

Frequency of Renewal Cycle for Indirect Air Carrier Security Programs

AGENCY: Transportation Security Administration, Department of Homeland Security (DHS).

ACTION: Final rule.

SUMMARY: The Transportation Security Administration (TSA) is modifying its regulations to reduce the frequency of renewal applications by indirect air carriers (IACs). Rather than requiring these entities to submit an application to renew their security program each year, TSA now requires renewal once every 3 years. This modification reduces the burden of compliance without a negative impact on security.

DATES: This rule is effective March 11, 2024.

FOR FURTHER INFORMATION CONTACT: Angel Rodriguez, telephone 1–571–227–2108; email *angel.l.rodriguez@ tsa.dhs.gov;* 6595 Springfield Center Drive, Springfield, VA 20598–6003.

SUPPLEMENTARY INFORMATION:

Availability of Rulemaking Document

You can find an electronic copy of this rule using the internet by accessing the Government Publishing Office's web page at *https://www.govinfo.gov/app/ collection/FR/* to view the daily published **Federal Register** edition or accessing the Office of the Federal Register's web page at *https:// www.federalregister.gov.* Copies are also available by contacting the individual identified for ''General Questions'' in the **FOR FURTHER INFORMATION CONTACT** section. Make sure to identify the docket number of this rulemaking.

Small Entity Inquiries

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 requires TSA to comply with small entity requests for information and advice about compliance with statutes and regulations within TSA's jurisdiction. Any small entity that has a question regarding this document may contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Persons can obtain further information regarding SBREFA on the Small Business Administration's web page at *https://www.sba.gov/category/advocacy- navigation-structure/regulatory-policy/ regulatory-flexibility-act/sbrefa.*

Abbreviations and Terms Used in This Document

CCSF—Certified Cargo Screening Facility
CEQ—Council on Environmental Quality
DHS—Department of Homeland Security
DOT—Department of Transportation
E.O.—Executive Order
FOIA—Freedom of Information Act
IAC—Indirect Air Carrier
IACSSP—Indirect Air Carrier Standard Security Program
NEPA—National Environmental Policy Act
OMB—Office of Management and Budget
PRA—Paperwork Reduction Act of 1995
SBREFA—Small Business Regulatory Enforcement Fairness Act of 1996
SSI—Sensitive Security Information
TSA—Transportation Security Administration

I. Executive Summary

A. Purpose of the Regulation

The Indirect Air Carrier (IAC), sometimes called a freight forwarder, acts as an intermediary between a shipper of air cargo and an air carrier by receiving and consolidating cargo from one or more shippers for transport on one or more aircraft flights. IACs are a critical component of the secure air cargo supply chain in the United States, helping to ensure the safe, timely, and efficient movement of goods every day. Approximately 3,800 IACs are operating in the United States and registered with TSA, ranging from sole proprietors working out of their homes to large corporations. Currently, TSA's regulations require IACs to renew their registration each year.

TSA is modifying 49 CFR 1548.7 to reduce the frequency at which IACs must renew their registration from annual to once every 3 years. This modification reduces the burden of compliance by reducing the time and effort an IAC must devote to renewing their registration, permitting them to focus on other operational and business priorities. TSA has determined that the change will not have a negative impact on aviation security.

B. Summary of Major Provisions

This final rule makes limited changes to 49 CFR 1548.7, which are necessary to change the regulatory requirement for the IAC security program-renewal from 1 year to 3 years. Table 1 identifies each change.

C. Costs and Benefits

TSA has determined this modification reduces the cost of compliance without any negative impacts on security. As described in the notice of proposed rulemaking (NPRM) (87 FR 79264, December 27, 2022) and as noted below, TSA estimates that, over 10 years, cost savings aggregate to $7.8 million undiscounted, $6.6 million discounted at 3 percent, and $5.4 million discounted at 7 percent. This final rule would realize an annualized $0.8 million cost savings discounted at 7 percent over 10 years.

II. General Discussion of the Rulemaking

A. Background

To ensure the security of the air cargo system, TSA imposes security requirements on IACs in 49 CFR part 1548. Through these regulations, TSA ensures ''IACs are held accountable for securing the goods entrusted to them throughout those legs of the supply chain for which they are responsible.'' [1]

Under 49 CFR 1548.5, each IAC must adopt and carry out the IAC Standard Security Program (IACSSP). Persons interested in becoming IACs are vetted by TSA and are required to implement security requirements in the IACSSP. These requirements are intended to ensure security during the period between when a package leaves a shipper and when it is presented to the aircraft operators. IACs must also ensure their employees understand and are trained to implement their security responsibilities.

Current 49 CFR 1548.7(b) presents the processes an IAC must follow annually to seek renewed approval from TSA to operate under the IACSSP. In general, annual renewal is a continuation of current practices and security measures in the IACSSP, including any TSA-approved amendments issued under 49 CFR 1548.7(c), (d), and/or (e). IACs must submit the renewal request to TSA at least 30 calendar days before expiration of the IACSSP, as well as other standards for the submission.

Since 2006, TSA has required IACs to renew their registration each year. Since the annual renewal requirement was imposed in 2006, TSA has determined that it is unnecessary to continue requiring annual renewal and that the program could be renewed once every 3 years without having a negative impact on security. As discussed below, this determination is based on two key factors: (1) TSA's inspection processes and priorities for IACs negate the need for annual renewals, and (2) the triennial renewal requirement for other TSA air cargo programs that have proven to be effective and secure.

[1] *See* Proposed Rule, Air Cargo Security Requirements, 69 FR 65257, 65269 (Nov. 10, 2004).

TSA published an NPRM on December 27, 2022,[2] proposing to change the renewal period, and requested comments from the public to be submitted by February 27, 2023. TSA received two comments, both from interested industry associations.

B. Summary of Comments

TSA received two comments, both from interested industry associations. One trade association representing indirect air carriers and aircraft operators expressed general support for the rule, and expressed the belief that the rule would not negatively impact security.[3] Another trade association representing airline pilots recommended that TSA not move forward with the rulemaking.[4] The association for the airline pilots stated: (1) TSA should not reduce oversight in pursuit of economic relief, which could reduce opportunities to discover evolving security threats; (2) TSA's estimated burden of 4 hours to complete annual certification is not a meaningful burden on industry; (3) the high turnover rate among IAC staff requires TSA audits and training verification on an annual basis at a minimum; and (4) if TSA's process for revalidating IACs is tied to their security program renewals, the shift to a 3-year renewal cycle would create an unnecessary security risk and TSA should assess IACs for security risks on an annual basis, or more frequently.

TSA Response: Following review of the issues raised by the airlines pilots' association, TSA has determined that the commenter provided no new information to counter TSA's previous determination on the benefits and need for this rulemaking. First, TSA is not sacrificing security in order to obtain economic benefits. These limited changes to the IAC regulation are consistent with 49 U.S.C. 114(l)(3), which requires TSA to consider the costs of any proposed regulation relative to its security benefit. In addition, Executive Order (E.O.) 13563 of January 18, 2011 (Improving Regulation and Regulatory Review), requires agencies to periodically review existing regulations to identify requirements that ''may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.''[5] Before proposing this change, TSA conducted a risk analysis

and determined that the revision would not have a negative impact on security due to other compensating procedures. This final rule provides an overall reduction in the burden of compliance without negatively affecting security.[6]

Second, the costs of compliance with the annual renewal requirement may be relatively small for each IAC, but TSA estimates that over 10 years the cost savings aggregate to $7.8 million undiscounted, $6.6 million discounted at 3 percent, and $5.4 million discounted at 7 percent. The rule would realize annualized savings of $0.8 million in 2020 dollars.[7] These cost savings accrue for both the industry and TSA. Reducing the administrative burden on TSA staff of reviewing annual renewal applications allows TSA to focus additional resources and staff effort on the highest air cargo security priorities.

Third, as noted in the NPRM, the transition from an annual security program certification to a 3-year security program certification renewal period does not mean that IACs will only be assessed or audited for compliance once every 3 years. As discussed in the NPRM and below, TSA has determined that a 3-year renewal cycle is effective, efficient, and secure when coupled with an appropriately staffed and resourced inspection and enforcement program.[8] TSA acknowledges the airline pilots association concern regarding turnover in the IAC industry, but an extension of the recertification period does not mean a reduction in regulatory inspections. This determination is supported by TSA's experience with other air cargo security regulations, specifically the Certified Cargo Screening Program (CCSP), and TSA believes it will be similarly effective with IACs.[9]

Fourth, under this final rule, within any 3-year period, every IAC will be subject to at least one triennial comprehensive inspection, two targeted annual inspections in years when a comprehensive inspection is not conducted, and possible supplemental inspections whenever TSA's assessment of risk or evolving compliance posture indicate that additional inspections are warranted. TSA's process for inspecting and revalidating IACs is not tied to the annual renewal of IAC security programs because the inspection and revalidation schedules of TSA inspectors are managed separately from TSA's program renewal efforts. TSA implements a national inspection plan

based on regular cycles, and conducts focused Special Emphasis Assessments and Special Emphasis Inspections whenever necessary. Further, TSA's local inspection plans augment the national plan with risk-based local inspection and revalidation schedules that consider regional threats, a specific IAC's past performance, and other factors.

TSA's local field offices determine whether to conduct additional inspections of an individual IAC by assessing the results of prior compliance reviews in light of evolving and emerging threat information. TSA's local field offices may conduct more frequent inspections of IACs that have lower compliance rates, or otherwise present an elevated security risk. All IACs are subject to supplemental inspections if the local field office determines one is necessary.

When TSA imposed the annual renewal requirement in 2006, TSA expected that the annual cycle of renewals would be the primary method to ensure the agency regularly reviewed each IAC and confirmed compliance with TSA security requirements. As described above, TSA now ensures compliance with the program through the nationwide schedule of regular annual inspections, Special Emphasis Assessments and Inspections, and additional inspections at the discretion of the local field office.

An additional safeguard is provided by 49 CFR 1540.301, which allows TSA to withdraw approval of an IAC security program if TSA determines continued operation is contrary to security and the public interest. If TSA withdraws approval, an IAC must discontinue operation immediately, regardless of the renewal date of its program certification.

As TSA noted in the NPRM,[10] the triennial renewal requirement for other TSA air cargo programs have proven to be effective and secure. In addition to recognizing the effectiveness of its regular inspections to ensure compliance with the IAC program, TSA considered the requirements for the IAC program compared to other aviation security requirements, specifically requirements for the CCSP under 49 CFR part 1549. When TSA finalized the rule establishing the CCSP in 2011, TSA provided a 3-year renewal period for Certified Cargo Screening Facilities (CCSFs). Experience gained by more than a decade of implementing the CCSP validates that the triennial recertification cycle does not have a negative impact on security. The final rule does not change the actions that

---

[2] 87 FR 79264 (Dec. 27, 2022).

[3] *https://www.regulations.gov/docket/TSA-2020-0002/comments,* TSA–2020–0002–0002.

[4] *https://www.regulations.gov/docket/TSA-2020-0002/comments,* TSA–2020–0002–0003.

[5] *See* sec. 6 of E.O. 13563.

[6] 87 FR 79265.

[7] 87 FR 79266.

[8] *See id.* for more discussion on this issue.

[9] *Id.*

[10] 87 FR 79266.

IACs must perform to recertify or the requirements they must meet to maintain approval to operate as an IAC; the final rule simply reduces the frequency with which they must recertify.

C. Section-by-Section Analysis

After consideration of each comment and any relevant potential changes to the proposed rule, TSA is adopting the revisions as proposed in the NPRM.

TSA has addressed all issues and concerns derived from these comments in the discussion below.

Table 1 identifies each change made to 49 CFR 1548.7 as a result of this rulemaking.

TABLE 1—CHANGES TO 49 CFR 1548.7

Section	Prior text	Revised text
1548.7(a)(4)	Removing the words "one year after the month it was approved".	Adding in their place "3 years after the month it was approved, or until the program has been surrendered or withdrawn, whichever is earlier".
1548.7(a)(5)	....	In the introductory text, adding the words "or renewal" after the words "submitted during its initial".
1548.7(b)(1)	Removing the words "at least 30 calendar days prior to the first day of the anniversary month of initial approval".	Adding in their place "at least 30 calendar days before the 36th month after the initial approval".
1548.7(b)(4)	Removing the words "one year after the month it was renewed".	Adding in their place "3 years after the month it was renewed, or until the program has been surrendered or withdrawn, whichever is earlier".

III. Regulatory Analyses

TSA conducted a regulatory impact analysis (RIA) for the NPRM, posted in the docket for this rulemaking. As there were no comments related to the regulatory impact analysis in the NPRM, TSA has made no changes to the analysis in this final rule. TSA considered numerous statutes and executive orders related to rulemaking when developing this rule. The following summarizes TSA's analyses of the impact of the rulemaking as directed by these statutes or Executive orders.

A. Regulatory Planning and Review

1. Background

Under the requirements of E.O. 12866 of September 30, 1993 (Regulatory Planning and Review),[11] as amended by E.O. 14094 of April 6, 2023 (Modernizing Regulatory Review),[12] and E.O. 13563 of January 18, 2011 (Improving Regulation and Regulatory Review),[13] agencies must assess the

costs and benefits of available regulatory alternatives and, if regulation is necessary, select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). These requirements were supplemented by E.O. 13563, which emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

The Office of Management and Budget (OMB) has determined this rule is not a significant regulatory action under section 3(f) of E.O. 12866, as amended. Accordingly, OMB has not reviewed this rule.

In conducting these analyses, TSA has certified that this rulemaking does not have a significant economic impact on a substantial number of small entities.

The basis for this conclusion is set forth below.

This final rule reduces regulatory costs by reducing the frequency that IACs must renew their security program certifications. This final rule reduces the frequency of annual IAC security program certifications to once every 3 years. This rule does not impose any incremental costs because regulated entities are already performing all actions required to obtain the certification in question. The expected outcome will be a minimal impact with positive net benefits.

2. Estimated Cost Savings to Affected Entities

The cost savings from this rule arise from extending the duration of IAC security programs approved by TSA from 1 year to 3 years. This change aligns the duration of the IAC security program with the CCSP.[14] Table 2 summarizes the change and impact from this action.

TABLE 2—COMPARISON OF CURRENT 49 CFR PART 1548 AND THE FINAL RULE

Current	Final rule	Impact	Estimated cost savings
Requires annual renewal of security program.	Revises to renewal every 3 years.	(1) Aligns part 1548 renewal period with that of the TSA-approved Certified Cargo Screening Program, part 1549. (2) Provides cost savings to industry and TSA.	TSA estimates the annualized cost saving to industry and Federal government to be $0.8 million annualized at a 7 percent discount rate. Cost savings arise from time saved due to a less frequent security program renewal cycle.

To estimate cost savings, TSA calculates the number of instances an IAC would resubmit a security program under the current annual requirement, and the number of instances that would be avoided under the final rule's 3-year

requirement. TSA uses the difference in the number of resubmission instances between the current requirement and the final rule as the basis for the cost savings.

TSA uses historical data on the number of existing IACs to forecast the number of security programs submitted for certification over the 10-year period of analysis. TSA assumes that the regulatory change for less frequent

[11] Published at 58 FR 51735 (Oct. 4, 1993).
[12] Published at 88 FR 21879 (Apr. 6, 2023).

[13] Published at 76 FR 3821 (Jan. 21, 2011).

[14] See 49 CFR 1549.7(a)(6). *See* also *supra* notes 8 and 10, and accompanying text.

recertification does not impact the annual number of forecasted active IAC certifications. Based on historical program data, TSA assumes the aggregate population of active and approved IACs under the baseline and the final rule decreases each year with more dropping out than entering. TSA calculates that the aggregate active population decreases at an annual rate of 1.61 percent [15] and compounds this rate to estimate the aggregate active IAC population for the next 10 years, as displayed in column *a* of Table 3. The aggregate active population of IACs (column *a*) also represents the number of security program submissions and resubmissions under the baseline annual renewal requirement.

TSA postulates that the number of newly approved IAC applications represents a proportion of the number of aggregate active IACs in the same year. This proportion has stabilized over the last 5 years at 5.41 percent. TSA applied this percentage to the forecasted aggregate number of active IACs during a year to estimate the number of newly approved IAC applications during the same year [16] as displayed in column *c* of Table 3.

The aggregate active population of IACs during a year is composed of IAC renewals and newly approved IAC applications. Since TSA calculates the number of newly approved IAC applications by assuming they are a constant proportion of the number of aggregate active IACs, then the number of renewals must be estimated applying the complementary proportion to the number of aggregate active IACs, as shown in column *b* of Table 3.[17]

The exit rate of IAC in a given year is based on the subtraction of the given year's active IAC population from the preceding year's active IAC population, and the removal of the given year's newly approved IACs,[18] as displayed in column *d* of Table 2. Since the number of IAC exits is estimated based on the number of active IACs during the year and the number of newly approved IAC applications, an exit rate is derived from these two estimates for the purposes of compounding the number of exits over time. TSA calculates an IAC exit rate of 6.92 percent [19] (*i.e.,* do not resubmit or are not approved) from year to year. The exit rate in a specific year is the percentage of IACs that do not request their security program renewed [20] out of the total number of IACs that had a security program in place before this year.

TSA estimates the total number of submissions in two blocks: the first block includes submissions associated with the current IAC population in each year, and the second block includes submissions from new applicants. This final rule is expected to be implemented in year 1 and the relevant prior year active IAC population will have, by then, a valid security plan; which will have to be renewed following the new

3-year cycle.[21] New applicants would also have to follow this 3-year renewal cycle. In both blocks, there is a share of IAC firms that will not renew their security plans during the next renewal event, and a share of IAC firms that will renew. The number of IACs resubmitting in a given year is estimated by multiplying the number of program submissions from 3 years prior by a factor that results from compounding the annual exit rate over 3 years; this retention factor, estimated to be 80.6 percent,[22] is multiplied by the number of program submissions from 3 years before estimate the number of renewals in the corresponding year.

Table 3 staggers recertifications under the final rule's 3-year cycle [23] in four separate columns for submissions one to four in the 10-year projection span. For example, TSA estimates that 2,738 of the 3,395 IAC recertifications in year 1 would resubmit their security programs in year 4,[24] and that 159 of the 197 new entrants in year 1 would resubmit for the first time in year 4 (see columns *e* and *f* regarding first and second submissions). In Table 3, TSA takes into account four recertification cycles [25] within the 10-year framework (columns *e* through *h*) and sums all the recertifications under the final rule in column *i.* Finally, TSA calculates the number of eliminated recertifications (column *j*) by subtracting the final rule recertifications (column *i*) from the baseline annual recertifications (column *b*).

---

[15] Based on TSA data, there were 4,576 IACs in 2008 and 3,768 in 2020. TSA calculates a negative compound annual growth rate of 1.61% = $(3{,}768 \div 4{,}576)^{(1 \div (2020 - 2008))} - 1$.

[16] The number of aggregate active IACs is estimated using the previous year aggregate value and the negative growth rate. For instance, the year 0 (2022) aggregate number of active IACs of 3,648 is estimated applying the negative growth rate to the year −1 (2021) aggregate number of 3,707: $3{,}648 = 3{,}707 \times (1 - 1.61\%)$. The number of new IAC applications in year 0 is estimated at 197 by multiplying the estimated number of aggregate IACs in year 0 (3,648) by the average proportion of new IAC applications: $197 = 3{,}648 \times 5.41\%$.

[17] The number of IAC renewals is estimated applying the percentage complementary to the proportion of new IAC applications $(1 - 5.41\%)$ into the aggregate number of active IACs. For instance, the year 0 (2022) number of renewals is estimated

multiplying the number of aggregate active IACs, or 3,648, by the complementary percentage of 94.59% to obtain 3,451 $(3{,}648 \times 94.59\%)$. The number of IAC renewals can also be estimated subtracting the number of newly approved IAC applications from the number of aggregate active IACs.

[18] For example, calculations of Year 0, Year 1 and Year 2 IAC Exits are as follows: -257 (Year 0 Exits) = 3,648 (Year 0 Active IACs) − 3,707 (Year −1 Active IACs) − 197 (Year 0 Newly Approved IACs); -253 (Year 1 Exits) = 3,589 (Year 1 Active IACs) − 3,648 (Year 0 Active IACs) − 194 (Year 1 Newly Approved IACs); and -249 (Year 2 Exits) = 3,532 (Year 2 Active IACs) − 3,589 (Year 1 Active IACs) − 191 (Year 2 Newly Approved IACs).

[19] The exit rate is estimated by dividing the number of IAC exits by the aggregate number of active IACs in the previous year. For example, TSA estimates there would be 257 exits in year 0 (197 exits that were replaced by new entrants plus the 60 exits that decreased the aggregate population). TSA calculates a 6.92% exit rate in year 0 (257 exits ÷ 3,707 aggregate active IACs in year −1). This exit rate is the same throughout the 10-year period of analysis. The exit rate for future years can also be derived mathematically as follows: (Newly Approved IAC Proportion) × (1 + Active IAC Growth Rate) − (Active IAC Growth Rate), which numerically is equal to: 6.92% = 5.41% $(1 - 1.61\%) - (-1.61\%)$.

[20] Firms do not get renewals either because a submission was not filed or was not approved.

[21] It is assumed that the validity of security plans will be extended until year 1 once this action is executed. If an IAC firm in the year 0 population wants to remain active over the 10 years of analysis it will have to obtain four renewals during this period, in years 1, 4, 7, and 10.

[22] 80.6% = $(100\% - 6.92\% \text{ exit rate})^{\text{(3-year cycle)}}$.

[23] A cycle is the period in between renewals (or between the first renewal and the initial approval). The 3-year cycle means that submissions have to be renewed every 3 years. The current submission cycle is annual, one submission every year.

[24] Note IACs that were approved by TSA in year −1 (2 years before the start date of this rule) and partially in year 0 (1 year before the publication of this final rule) would need to resubmit 36 months from their last approval. IACs that were approved before the publication of the final rule (−1 & 0) are included in year −1, for the purpose of this analysis. For example: (Year 4 Second Cycle Resubmissions) = (Year 1 Renewals) × 80.6%.

[25] The frequency in which an IAC must resubmit their security program for review.

TABLE 3—NUMBER OF FINAL RULE ELIMINATED SECURITY PROGRAM RECERTIFICATIONS

Year	Active IACs [26]	Baseline recerts [27]	New IACs	IAC exits	Recertification cycle [28]				Final rule recerts	Eliminated recerts
					1st	2nd	3rd	4th		
	$a(-1)$ = initial pop a = $a(n-1)$ × $(1-1.61\%)$	b1 = first year renewals $bn = an$ × $(1-5.41\%)$	c = an × (5.41%)	dn = (an − a(n−1)) − cn	e1 = b1 en = c(n−3) × (0.806)	fn = e(n−3) × (0.806)	gn = f(n−3) × (0.806)	hn = g(n−3) × (0.806)	i = e + f + g + h	j = b − i
1	3,589	3,395	194	−253	3,395	0	0	0	3,395	0
2	3,532	3,341	191	−249	162	0	0	0	162	3,179
3	3,475	3,287	188	−245	159	0	0	0	159	3,128
4	3,419	3,234	185	−241	156	2,738	0	0	2,894	340
5	3,364	3,182	182	−237	154	130	0	0	284	2,898
6	3,310	3,131	179	−233	151	128	0	0	280	2,852
7	3,257	3,081	176	−229	149	126	2,207	0	2,483	598
8	3,205	3,032	173	−226	147	124	105	0	376	2,656
9	3,153	2,983	170	−222	144	122	103	0	370	2,613
10	3,103	2,935	168	−218	142	120	102	1,780	2,144	791

Note: Calculations may not be exact due to rounding in the table.

TSA estimates a time burden of 4 hours for an IAC manager to review and resubmit a security program. To calculate the hourly savings to industry, TSA multiplies the 4-hour burden by the fully loaded hourly wage rate for an IAC manager. TSA calculates the wage rate by estimating a weighted wage rate for two occupations across two industry subgroups.[29] To calculate the weighted wage rate, TSA multiplies each labor category wage rate by its respective number of employees, sums the product of these calculations, and then divides the result by the total number of employees across all four wage rates. Table 4 illustrates the weighted average wage calculation.

TABLE 4—CALCULATION OF WEIGHTED AVERAGE INDUSTRY WAGE RATE

Industry NAICS	Occupations	Wage rate	Number of employees
		a	b
Freight Transportation Arrangement (488510).	First-Line Supervisors of Transportation and Material Moving Workers (53–1040)	$28.72	3,460
	Transportation, Storage, and Distribution Managers (11–3071)	46.41	4,920
Management, Scientific, and Technical Consulting Services (541611).	First-Line Supervisors of Transportation and Material Moving Workers (53–1040)	27.52	3,190
	Transportation, Storage, and Distribution Managers (11–3071)	50.65	2,680
Industry Weighted Average Wage Rate = $\Sigma(a_i \times b_i) \div \Sigma b$		$38.68	

Note: Calculations may not be exact due to rounding in the table.

Next, TSA adjusts this wage rate to account for employer benefits,[30] which results in an industry compensation rate of $57.90 per hour. Table 5 illustrates the calculation of the hourly industry compensation rate based on these adjustments.

TABLE 5—CALCULATION OF INDUSTRY COMPENSATION RATE

Weighted wage rate (a)	Benefits factor (b)	Compensation rate (c = a × b)
$38.68	1.4968	$57.90

[26] The active IAC population in subsequent years was estimated by applying the negative growth rate of 1.61% to the active IAC population. The negative growth rate represents the net change in the active IAC population accounting for IAC exits and entries. Year 1's value accounts for 3 years of negative growth derived from 3,768 IACs as of the end of fiscal year 2020 based on TSA records.

[27] Baseline renewals represent Active IACs minus New IACs.

[28] A retention factor of 0.806 is calculated as the exit rate of 6.92 percent compounded over 3 years to account for the number of IACs still operating who submitted a security program 3 years prior.

[29] Bureau of Labor Statistics (BLS), U.S. Department of Labor, May 2020 National Industry Specific Occupation Employment and Wage Estimates, First-Line Supervisors of Transportation and Material Moving Workers (SOC 53–1040) in Freight Transportation Arrangement (NAICS 488510) and Administrative Management and General Management Consulting Services (NAICS 541611), and to Transportation, Storage, and Distribution Managers (SOC 11–3071) in (NAICS 488510) and (NAICS 541611). (Accessed May 19, 2021 at *https://www.bls.gov/oes/2020/may/naics4_541600.htm* and *https://www.bls.gov/oes/2020/may/naics4_488500.htm*).

[30] The average compensation factor is 1.4968. 1.4968 = (($31.76 + $30.89 + $30.99 + $30.40) ÷ 4) ÷ (($21.35 + $20.62 + $20.61 + $20.29) ÷ 4). The compensation factor is calculated based on the average of the quarterly total compensation divided by the average of the quarterly total wages. Source: BLS, News Releases, *2020 Employer Costs for Employee Compensation,* Table 4: Employer Costs for Employee Compensation for private industry workers by occupational and industry group (Transportation and Material Moving Occupational Group), as published in June 2020, September 2020, December 2020, and March 2021. (Accessed May 19, 2021 at *https://www.bls.gov/bls/news-release/ecec.htm.*)

TSA multiplies 4 hours per resubmission by the $57.90 for an IAC manager to calculate a unit cost savings of $232 per recertification.[31]

TSA estimates a duration of 2.25 hours for TSA staff to review a resubmission. The TSA review staff is composed of two "I" pay band members[32] and four "J" pay band members. Each submission could be reviewed by any one of these staff members. TSA calculates a staff compensation rate based on the weighted average of two different TSA pay-bands that conduct reviews. To calculate the TSA weighted compensation rate, TSA multiplies the respective pay band compensation[33] by the respective number of employees, sums the product of these calculations, and then divides by the total number of employees. Table 6 displays this weighted average calculation.

TABLE 6—CALCULATION OF WEIGHTED AVERAGE TSA COMPENSATION RATE

TSA pay band	Compensation rate*	Number of employees
	a	b
TSA I Band	$70.62	2
TSA J Band	83.17	4
Weighted Average TSA Compensation Rate = $\Sigma(a_i \times b_i) \div \Sigma b$	$78.99	

*Compensation Rate includes employer benefits.

TSA multiplies 2.25 hours by the TSA compensation rate of $78.99 per hour to obtain a unit cost savings per recertification of $178.[34]

To calculate savings, TSA multiplies the number of eliminated resubmissions from column *j* of Table 3, by the respective unit cost savings for industry ($232) and TSA ($178). Table 7 displays the industry, TSA, and total savings from modifying the security program resubmission frequency from 1 to 3 years. TSA estimates that over 10 years cost savings aggregate to $7.8 million undiscounted, $6.6 million discounted at 3 percent, and $5.4 million discounted at 7 percent. The final rule would realize an annualized $0.8 million cost savings discounted at 7 percent over 10 years.

TABLE 7—TOTAL COST SAVINGS FROM THE FINAL RULE
[$Thousands]

Year	Eliminated re-submissions	Industry savings	TSA savings	(Cost savings) $d = \Sigma b,c$		
	a	$b = a \times \$231.61 \div 1{,}000$	$c = a \times \$177.73 \div 1{,}000$	Undiscounted	Discounted at 3%	Discounted at 7%
1		$0	$0	$0	$0	$0
2	3,179	736	565	1,301	1,227	1,137
3	3,128	725	556	1,280	1,172	1,045
4	340	79	60	139	124	106
5	2,898	671	515	1,186	1,023	846
6	2,852	660	507	1,167	978	778
7	598	139	106	245	199	153
8	2,656	615	472	1,087	858	633
9	2,613	605	464	1,070	820	582
10	791	183	141	324	241	165
Total	19,056	4,413	3,387	7,800	6,641	5,443
Annualized					$775	$779

Note: Calculation may not be exact in table due to rounding.

B. Small Entities

As required by the Regulatory Flexibility Act,[35] TSA considered whether this final rule would have a significant economic impact on a substantial number of small entities, including small businesses and not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. This rule does not place any new requirements on the regulated industry or small businesses. In addition, TSA received no comments related to the regulatory impact analysis in the NPRM, therefore has made no changes to this analysis in the final rule. TSA has certified that this rule does not have a significant economic impact on a substantial number of small entities.

C. Collection of Information

The Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501. *et seq.*) requires that TSA consider the impact of paperwork and other information collection burdens imposed on the

---

[31] $231.61 Renewal Unit Cost to Industry = 4-Hour Renewal Time Burden × $57.90 Compensation Rate for IAC Managers.

[32] TSA uses an SV pay grading system, which is a discrete salary system with pay ranges, incorporated into pay bands.

[33] TSA, DHS Modular Cost Standards, Washington DC Metropolitan Area Locality Pay, I-Band $70.62 = $147,382 annual compensation ÷ 2,087 hours and J-Band $83.17 = $173,585 annual compensation ÷ 2,087 hours (Office Personnel Management changed the 2,080 work hours for federal employees to 2,087 by amending 5 U.S.C. 5504(b). Source: Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law 99–272 (100 Stat. 82; April 7, 1986).

[34] $177.73 Renewal Unit Cost to TSA = $78.99 I/J Band TSA Weighted Compensation Rate × 2.25 Hour Burden for Renewal Review.

[35] *See* Public Law 96–354 (94 Stat. 1164; Sept. 19, 1980) as codified at 5 U.S.C. 601 *et seq.*

public and, under the provisions of 44 U.S.C. 3507(d), obtain approval from the OMB for each collection of information it conducts, sponsors, or requires through regulations. As provided by the PRA, as amended, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a

currently valid OMB control number. The collection of information covered by this final rule is covered by OMB control number 1652–0040.

This final rule impacts the collection of information by reducing the frequency that information must be submitted. This reduction would decrease the current number of security program recertifications submitted from

an estimated annual average of 3,700 to 1,239 responses (a reduction of 2,461). The corresponding burden is also reduced from an annual average of 14,800 hours to 4,956 hours (a reduction of 9,844 hours). Table 8 displays the annual number of responses and burden hour estimates associated with the final rule.

TABLE 8—PRA INFORMATION COLLECTION RESPONSES AND BURDEN HOURS

| Collection activity | Responses | | | | | | Total hours | Average annual hours |
	Year 1	Year 2	Year 3	Total responses	Average annual responses	Time burden per response (hours)		
Final Rule Recerts	3,395	162	159	3,716	1,239	....	4,956	1,652

As required by the PRA (44 U.S.C. 3507(d)), TSA has submitted a copy of the final rule to the OMB for its review of the collection of information.

D. International Trade Impact Assessment

The Trade Agreements Act of 1979 [36] prohibits Federal agencies from establishing any standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. Pursuant to these requirements, the establishment of standards is not considered an unnecessary obstacle to the foreign commerce of the United States, so long as the standard has a legitimate domestic objective, such as the protection of safety, and does not operate in a manner that excludes imports that meet this objective. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S. standards. TSA has assessed the potential effect of the final rule and has determined that it does not impose any new requirements. Therefore, the rule would not have an adverse impact on international trade.

E. Unfunded Mandates Assessment

Title II of the Unfunded Mandates Reform Act of 1995 [37] establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under sec. 202 of the Unfunded Mandates Reform Act, TSA generally

must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures by State, local, and tribal governments in the aggregate or by the private sector of $100 million (adjusted for inflation) or more in any one year. The final rule does not contain such a mandate. Therefore, the written statement requirements of the Act do not apply.

F. Environment

TSA has reviewed this rulemaking for purposes of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4347) and has determined that this action will not have a significant effect on the human environment. This action is covered by categorical exclusion number A3(b) in DHS Management Directive 023–01 (formerly Management Directive 5100.1), Environmental Planning Program, which guides TSA compliance with NEPA.G. International Compatibility and Cooperation.

E.O. 13609 of May 1, 2012 (Promoting International Regulatory Cooperation),[38] promotes international regulatory cooperation to meet shared challenges involving health, safety, labor, security, environmental, and other issues and to reduce, eliminate, or prevent unnecessary differences in regulatory requirements. TSA analyzed this action under the policies and agency responsibilities of E.O. 13609, and has determined that this action would have no effect on international regulatory cooperation. In keeping with U.S. obligations under the Convention on International Civil Aviation (also known as the "Chicago Convention"), it is TSA policy to comply with International

Civil Aviation Organization Standards and Recommended Practices to the maximum extent practicable. TSA has determined that this regulation has no direct relationship to the Chicago Convention.

H. Executive Order 13132, Federalism

TSA has analyzed this rule under the principles and criteria of E.O. 13132 of August 4, 1999 (Federalism).[39] TSA has determined that this action will not have a substantial direct effect on the States, or the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government, and, therefore, does not have federalism implications.

I. Energy Impact Analysis

The energy impact of this rulemaking has been assessed in accordance with the Energy Policy and Conservation Act (EPCA), Public Law 94–163, as amended (42 U.S.C. 6362). TSA has determined that this rulemaking would not be a major regulatory action under the provisions of the EPCA.

List of Subjects in 49 CFR Part 1548

Air transportation, Reporting and recordkeeping requirements, Security measures.

The Amendment

For the reasons set forth in the preamble, the Transportation Security Administration amends chapter XII of title 49, Code of Federal Regulations, as follows:

[36] See Public Law 96–39 (93 Stat. 144; July 26, 1979) as amended by the Uruguay Round Agreements Act, Public Law 103–465 (108 Stat 4809; Dec. 8, 1994), codified at 19 U.S.C. 2531–2533.

[37] See Public Law 104–4 (109 Stat. 48; Mar. 22, 1995), codified at 2 U.S.C. 1501–1538.

[38] Published at 77 FR 26413 (May 4, 2012).

[39] Published at 64 FR 43255 (Aug. 10, 1999).

Subchapter C—Civil Aviation Security

PART 1548—INDIRECT AIR CARRIER SECURITY

■ 1. The authority citation for part 1548 continues to read as follows:

Authority: 49 U.S.C. 114, 5103, 40113, 44901–44905, 44913–44914, 44916–44917, 44932, 44935–44936, 46105.

§ 1548.7 [Amended]

■ 2. Amend § 1548.7 by:
■ a. In paragraph (a)(4), removing the words ''one year after the month it was approved'' and adding in their place ''3 years after the month it was approved, or until the program has been surrendered or withdrawn, whichever is earlier''.
■ b. In paragraph (a)(5) introductory text, adding the words ''or renewal'' after the words ''submitted during its initial''.
■ c. In paragraph (b)(1), removing the words ''at least 30 calendar days prior to the first day of the anniversary month of initial approval'' and adding in their place ''at least 30 calendar days before the 36th month after the initial approval''.
■ d. In paragraph (b)(4), removing the words ''one year after the month it was renewed'' and adding in their place ''3 years after the month it was renewed, or until the program has been surrendered or withdrawn, whichever is earlier''.

Dated: February 1, 2024.

David P. Pekoske,
Administrator.

[FR Doc. 2024–02495 Filed 2–7–24; 8:45 am]
BILLING CODE 9110–05–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 217

Regulations Governing the Take of Marine Mammals Incidental to Specified Activities

CFR Correction

This rule is being published by the Office of the Federal Register to correct an editorial or technical error that appeared in the most recent annual revision of the Code of Federal Regulations.

■ In Title 50 of the Code of Federal Regulations, Parts 200 to 227, revised as of October 1, 2023, remove Subpart I to Part 217.

[FR Doc. 2024–02695 Filed 2–7–24; 8:45 am]
BILLING CODE 0099–10–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 648

[240202–0033]

RIN 0648–XD495

Fisheries of the Northeastern United States; Atlantic Deep-Sea Red Crab Fishery; 2024 Atlantic Deep-Sea Red Crab Specifications

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: NMFS is approving specifications for the 2024–2027 Atlantic deep-sea red crab fishery, including the annual catch limits and total allowable landings limits. This action implements the allowable 2024 harvest levels, consistent with the Atlantic Deep-Sea Red Crab Fishery Management Plan. This action is necessary to establish allowable red crab harvest levels that will prevent overfishing.

DATES: The final specifications for the 2024 Atlantic deep-sea red crab fishery are effective March 11, 2024, through February 28, 2025.

ADDRESSES: Copies of the supplemental information report, including the Regulatory Flexibility Act Analysis and other supporting documents for the specifications, are available from Dr. Cate O'Keefe, Executive Director, New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950 or at *https://www.nefmc.org/library/2024-2027-red-crab-specifications.*

FOR FURTHER INFORMATION CONTACT: Allison Murphy, Fishery Policy Analyst, (978) 281–9122.

SUPPLEMENTARY INFORMATION:

Background

The Atlantic deep-sea red crab fishery is managed by the New England Fishery Management Council (Council). The Atlantic Deep-Sea Red Crab Fishery Management Plan (FMP) includes a specification process that requires the Council to recommend, on a triennial basis, an acceptable biological catch (ABC), an annual catch limit (ACL), and total allowable landings (TAL) every 4 years. The Council's Scientific and Statistical Committee (SSC) provides a recommendation to the Council for the ABC. The Council makes a recommendation to NMFS on the ABC, which cannot exceed the ABC recommendation made by the SSC.

Final Specifications

The biological and management reference points currently in the FMP are used to determine whether overfishing is occurring or if the stock is overfished. There is insufficient information on the species to establish the maximum sustainable yield, optimum yield, or overfishing limit. The ABC is defined in terms of landings instead of total catch because there is insufficient information to estimate dead discards of red crab. We are approving the Council-recommended specifications for the 2024–2027 fishing years that establish a 2,000-metric ton ABC, ACL, and TAL. This action implements these specifications for the 2024 fishing year.

At the end of each fishing year, we evaluate catch information and determine if the quota has been exceeded. If a quota is exceeded, the regulations at 50 CFR 648.262(b) require a pound-for-pound reduction of the quota in a subsequent fishing year. NMFS will publish a notice in the **Federal Register** of any revisions to the projected specifications if an overage occurs. Based on the performance of the 2023 red crab fishery, no adjustment is necessary for fishing year 2024. NMFS will provide notice of the final 2025–2027 quotas, and any necessary reductions, prior to the start of each respective fishing year.

Comments and Responses

The public comment period for the proposed rule (88 FR 83893, December 1, 2023) ended on January 2, 2024. No comments were received on the proposed rule.

Changes From the Proposed Rule

There are no changes from the proposed rule.

Classification

Pursuant to section 304(b)(1)(A) of the Magnuson-Stevens Act, the NMFS Assistant Administrator has determined that this final rule is consistent with the Atlantic Deep-Sea Red Crab FMP, other provisions of the Magnuson-Stevens Act, and other applicable law.

This final rule is exempt from review under Executive Order 12866.

The Chief Counsel for Regulation, Department of Commerce, certified to the Chief Counsel for Advocacy of the Small Business Administration (SBA) during the proposed rule stage that this action would not have a significant economic impact on a substantial