

amount to the payment to ensure that the invoice is paid in full. For international wire transfers, please inquire with the financial institutions prior to submitting the payment. Use the following account information when sending a wire transfer: U.S. Department of the Treasury, TREAS NYC, 33 Liberty St., New York, NY 10045, Account Name: Food and Drug Administration, Account No.: 75060099, Routing No.: 021030004, Swift No.: FRNYUS33.

To send a check by a courier such as Federal Express, the courier must deliver the check to: U.S. Bank, Attn: Government Lockbox 979108, 3180 Rider Trail S., Earth City, MO 63045. (Note: this address is for courier delivery only. If you have any questions concerning courier delivery, contact U.S. Bank at 855-259-3064. This phone number is only for questions about courier delivery.) The tax identification number of FDA is 53-0196965.

#### VI. What are the consequences of not paying this fee?

The consequences of not paying these fees are outlined in 21 CFR 1.725. If FDA does not receive an application fee with an application for recognition, the application will be considered incomplete, and FDA will not review the application. If a recognized accreditation body fails to submit its annual user fee within 30 days of the due date, we will suspend its recognition. If the recognized accreditation body fails to submit its annual user fee within 90 days of the due date, we will revoke its recognition. If an accredited certification body fails to pay its annual fee within 30 days of the due date, we will suspend its accreditation. If the accredited certification body fails to pay its annual fee within 90 days of the due date, we will withdraw its accreditation.

Dated: July 26, 2024.

**Lauren K. Roth,**

*Associate Commissioner for Policy.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Food and Drug Administration

[Docket No. FDA-2024-N-3381]

#### Food Safety Modernization Act Voluntary Qualified Importer Program User Fee Rate for Fiscal Year 2025

**AGENCY:** Food and Drug Administration, HHS.

**ACTION:** Notice.

**SUMMARY:** The Food and Drug Administration (FDA) is announcing the fiscal year (FY) 2025 annual fee rate for importers approved to participate in the Voluntary Qualified Importer Program (VQIP) that is authorized by the Federal Food, Drug, and Cosmetic Act (FD&C Act), as amended by the FDA Food Safety Modernization Act (FSMA). This fee is effective on August 1, 2024, and will remain in effect through September 30, 2025.

**FOR FURTHER INFORMATION CONTACT:** For questions related to FSMA program fees: [FSMAFeeStaff@fda.hhs.gov](mailto:FSMAFeeStaff@fda.hhs.gov). For questions related to this notice: Olufunmilayo Ariyo, Office of Financial Management, Food and Drug Administration, 10903 New Hampshire Ave., Silver Spring, MD 20903, 240-402-4989; or the User Fees Support Staff at [OO-OFBAP-OFM-UFSS-Government@fda.hhs.gov](mailto:OO-OFBAP-OFM-UFSS-Government@fda.hhs.gov).

#### SUPPLEMENTARY INFORMATION:

##### I. Background

Section 302 of FSMA, VQIP, amended the FD&C Act to create a new provision, section 806, under the same name. Section 806 of the FD&C Act (21 U.S.C. 384b) directs FDA to establish a program to provide for the expedited review and importation of food offered for importation by importers who have voluntarily agreed to participate in such program, and a process, consistent with section 808 of the FD&C Act (21 U.S.C. 384d), for the issuance of a facility certification to accompany a food offered for importation by importers participating in VQIP.

Section 743 of the FD&C Act (21 U.S.C. 379j-31) authorizes FDA to assess and collect fees from each importer participating in VQIP to cover FDA's costs of administering the program. Each fiscal year, fees are to be established based on an estimate of 100 percent of the costs for the year. The fee rates must be published in a **Federal Register** notice not later than 60 days before the start of each fiscal year (section 743(b)(1) of the FD&C Act). After FDA approves a VQIP application, the user fee must be paid before October 1, the start of the VQIP fiscal year, to begin receiving benefits for that VQIP fiscal year.

The FY 2025 VQIP user fee will support benefits from October 1, 2024, through September 30, 2025.

##### II. Estimating the Average Cost of a Supported Direct FDA Work Hour for FY 2025

FDA is required to estimate 100 percent of its costs for each activity in order to establish fee rates for FY 2025.

In each year, the costs of salary (or personnel compensation) and benefits for FDA employees account for between 50 and 60 percent of the funds available to, and used by, FDA. Almost all of the remaining funds (operating funds) available to FDA are used to support FDA employees by paying for rent, travel, utility, information technology (IT), and other operating costs.

##### A. Estimating the Full Cost Per Direct Work Hour in FY 2025

Full-time Equivalent (FTE) reflects the total number of regular straight-time hours—not including overtime or holiday hours—worked by employees, divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off, and other approved leave categories are considered “hours worked” for purposes of defining FTE employment.

In general, the starting point for estimating the full cost per direct work hour is to estimate the cost of an FTE or paid staff year. Calculating an Agency-wide total cost per FTE requires three primary cost elements: payroll, non-payroll, and rent.

We have used an average of past year cost elements to predict the FY 2025 cost. The FY 2025 FDA-wide average cost for payroll (salaries and benefits) is \$213,556; non-payroll—including equipment, supplies, IT, general and administrative overhead—is \$131,739; and rent, including cost allocation analysis and adjustments for other rent and rent-related costs, is \$23,750 per paid staff year, excluding travel costs.

Summing the average cost of an FTE for payroll, non-payroll, and rent, brings the FY 2025 average fully supported cost to \$369,046<sup>1</sup> per FTE, excluding travel costs. FDA will use this base unit fee in determining the hourly fee rate for VQIP fees for FY 2025 prior to including domestic or foreign travel costs as applicable for the activity.

To calculate an hourly rate, FDA must divide the FY 2025 average fully supported cost of \$369,046 per FTE by the average number of supported direct FDA work hours in FY 2023—the last FY for which data are available. See table 1.

TABLE 1—SUPPORTED DIRECT FDA WORK HOURS IN A PAID STAFF YEAR IN FY 2023

|  |       |
|--|-------|
| Total number of hours in a paid staff year | 2,080 |
| Less:                                      |       |
| 11 paid holidays .....                     | – 88  |
| 20 days of annual leave .....              | – 160 |

<sup>1</sup> Total includes rounding.

TABLE 1—SUPPORTED DIRECT FDA WORK HOURS IN A PAID STAFF YEAR IN FY 2023—Continued

|   |       |
|---|-------|
| Total number of hours in a paid staff year                          | 2,080 |
| 10 days of sick leave .....   | - 80  |
| 12.5 days of training .....   | - 100 |
| 22 days of general administration .....                             | - 176 |
| 26.5 days of travel .....   | - 212 |
| 2 hours of meetings per week .....                                  | - 104 |
| Net Supported Direct FDA Work Hours Available for Assignments ..... | 1,160 |

Dividing the average fully supported FTE cost in FY 2025 (\$369,046) by the total number of supported direct work hours available for assignment in FY 2023 (1,160) results in an average fully supported cost of \$318 (rounded to the nearest dollar), excluding inspection travel costs, per supported direct work hour in FY 2025.

*B. Adjusting FY 2023 Travel Costs for Inflation To Estimate FY 2025 Travel Costs*

To adjust the hourly rate for FY 2025, FDA must estimate the cost of inflation in each year for FYs 2024 and 2025. FDA uses the method prescribed for estimating inflationary costs under the Prescription Drug User Fee Act (PDUFA) provisions of the FD&C Act (section 736(c)(1) (21 U.S.C. 379h(c)(1))), the statutory method for inflation adjustment in the FD&C Act that FDA has used consistently. FDA previously determined the FY 2024 inflation rate to be 3.8896 percent; this rate was published in the FY 2024 PDUFA user fee rates notice in the **Federal Register** (July 28, 2023, 88 FR 48881). Utilizing the method set forth in section 736(c)(1) of the FD&C Act, FDA has calculated an inflation rate of 3.8896 percent for FY 2024 and 4.1167 percent for FY 2025, and FDA intends to use these inflation rates to make inflation adjustments for FY 2025; the derivation of this rate will be published in the **Federal Register** in the FY 2025 notice for the PDUFA user fee rates. The compounded inflation rate for FYs 2024 and 2025, therefore, is 1.08166 (or 8.166 percent) (calculated as 1 plus 3.8896 percent times 1 plus 4.1167 percent).

The average fully supported cost per supported direct FDA work hour, excluding travel costs, of \$318 already takes into account inflation as the calculation above is based on FY 2025 predicted costs. FDA will use this base unit fee in determining the hourly fee rate for VQIP fees for FY 2025 prior to including domestic or foreign travel costs as applicable for the activity.

In FY 2023, FDA's Office of Regulatory Affairs (ORA) spent a total of \$7,463,679 for domestic regulatory

inspection travel costs and General Services Administration Vehicle costs related to FDA's Center for Food Safety and Applied Nutrition (CFSAN) and Center for Veterinary Medicine (CVM) field activities programs. The total ORA domestic travel costs spent is then divided by the 8,811 CFSAN and CVM domestic inspections, which averages a total of \$847 per inspection. These inspections average 41.35 hours per inspection. Dividing \$847 per inspection by 41.35 hours per inspection results in a total and an additional cost of \$20 (rounded to the nearest dollar) per hour spent for domestic inspection travel costs in FY 2023. To adjust for the \$20 per hour additional domestic cost inflation increases for FY 2024 and FY 2025, FDA must multiply the FY 2024 PDUFA inflation rate adjustor (1.038896) by the FY 2025 PDUFA inflation rate adjustor (1.041167) times the \$20 additional domestic cost, which results in an estimated cost of \$22 (rounded to the nearest dollar) per paid hour in addition to \$318 for a total of \$340 per paid hour (\$318 plus \$22) for each direct hour of work requiring domestic inspection travel. FDA will use these rates in charging fees in FY 2025 when domestic travel is required.

In FY 2023, ORA spent a total of \$2,629,906 on 431 foreign inspection trips related to FDA's CFSAN and CVM field activities programs, which averaged a total of \$6,102 per foreign inspection trip. These trips averaged 3 weeks (or 120 paid hours) per trip. Dividing \$6,102 per trip by 120 hours per trip results in a total and an additional cost of \$51 (rounded to the nearest dollar) per paid hour spent for foreign inspection travel costs in FY 2023. To adjust \$51 for inflationary increases in FY 2024 and FY 2025, FDA must multiply it by the same inflation factors mentioned previously in this document (1.038896 and 1.041167), which results in an estimated cost of \$55 (rounded to the nearest dollar) for each direct hour of work requiring foreign inspection travel. FDA will use these rates in charging fees in FY 2025 when foreign travel is required.

TABLE 2—FSMA FEE SCHEDULE FOR FY 2025

| Fee category                                     | Fee rates for FY 2025 |
|--|-----------------------|
| Hourly rate without travel .....                 | \$318                 |
| Hourly rate if domestic travel is required ..... | 340                   |
| Hourly rate if foreign travel is required .....  | 373                   |

**III. Fees for Importers Approved To Participate in the Voluntary Qualified Importer Program Under Section 743 of the FD&C Act**

FDA assesses fees for VQIP annually. Table 3 provides an overview of the fees for FY 2025.

TABLE 3—FSMA VQIP USER FEE SCHEDULE FOR FY 2025

| Fee category        | Fee rates for FY 2025 |
|---------------------|-----------------------|
| VQIP User Fee ..... | \$9,999               |

Section 743 of the FD&C Act requires that each importer participating in VQIP pay a fee to cover FDA's costs of administering the program. This fee represents the estimated average cost of the work FDA performs in reviewing and evaluating a VQIP importer. At this time, FDA is not offering an adjusted fee for small businesses. As required by section 743(b)(2)(B)(iii) of the FD&C Act, FDA previously published a set of guidelines in consideration of the burden of the VQIP fee on small businesses and provided for a period of public comment on the guidelines (80 FR 32136, June 5, 2015). While we did receive some comments in response, they did not address the questions posed, *i.e.*, how a small business fee reduction should be structured, what percentage of fee reduction would be appropriate, or what alternative structures FDA might consider to indirectly reduce fees for small businesses by charging different fee amounts to different VQIP participants. We plan on monitoring costs and collecting data to determine if, in future fiscal years, we will provide for a small business fee reduction. Consistent with section 743(b)(2)(B)(iii) of the FD&C Act, we will adjust the fee schedule for small businesses only through notice and comment rulemaking.

The fee is based on the fully supported FTE hourly rates and estimates of the number of hours it would take FDA to perform relevant activities. These estimates represent FDA's current thinking, and as the program evolves, FDA will reconsider the estimated hours. We estimate that it would take, on average, 39 person-hours to review a new VQIP application (including communication provided through the VQIP Importer's Help Desk), 28 person-hours to review a returning VQIP application (including communication provided through the VQIP Importer's Help Desk), 16 person-hours for an onsite performance evaluation of a domestic VQIP importer

(including travel and other steps necessary for a fully supported FTE to complete and document an onsite assessment), and 34 person-hours for an onsite performance evaluation of a foreign VQIP importer (including travel and other steps necessary for a fully supported FTE to complete and document an onsite assessment).

Based on updated data, FDA anticipates that there may be up to seven returning VQIP applicants and up to one new applicant this fiscal year. FDA employees are likely to review new VQIP applications from their worksites, so we use the fully supported FTE hourly rate excluding travel, \$318/hour, to calculate the portion of the user fee attributable to those activities:  $\$318/\text{hour} \times (39 \text{ hours}) = \$12,402$ . FDA employees are likely to review returning VQIP applications from their worksites, so we use the fully supported FTE hourly rate excluding travel, \$318/hour, to calculate the portion of the user fee attributable to those activities:  $\$318/\text{hour} \times (28 \text{ hours}) = \$8,904$ .

FDA employees will conduct a VQIP inspection to verify the eligibility criteria and full implementation of the food safety and food defense systems established in the Quality Assurance Program. A VQIP importer may be located inside or outside of the United States. However, this fiscal year, all VQIP importers will be located inside the United States. One VQIP applicant may have an associated VQIP inspection.

FDA employees are likely to prepare for and report on the performance evaluation of a domestic VQIP importer at an FTE's worksite, so we use the fully supported FTE hourly rate excluding travel, \$318/hour, to calculate the portion of the user fee attributable to those activities:  $\$318/\text{hour} \times (8 \text{ hours}) = \$2,544$ . For the portion of the fee covering onsite evaluation of a domestic VQIP importer, we use the fully supported FTE hourly rate for work requiring domestic travel, \$340/hour, to calculate the portion of the user fee attributable to those activities:  $\$340/\text{hour} \times 8 \text{ hours}$  (*i.e.*, one fully supported FTE  $\times$  (1 day onsite  $\times$  8 hours)) = \$2,720. Therefore, the total cost of conducting the domestic performance evaluation of a VQIP importer is determined to be  $\$2,544 + \$2,720 = \$5,264$ .

Coordination of the onsite performance evaluation of a foreign VQIP importer is estimated to take place at an FTE's worksite, so we use the fully supported FTE hourly rate excluding travel, \$318/hour, to calculate the portion of the user fee attributable to those activities:  $\$318/\text{hour} \times (10 \text{ hours}) = \$3,180$ . For the portion of the fee

covering onsite evaluation of a foreign VQIP importer, we use the fully supported FTE hourly rate for work requiring foreign travel, \$373/hour, to calculate the portion of the user fee attributable to those activities:  $\$373/\text{hour} \times 24 \text{ hours}$  (*i.e.*, one fully supported FTE  $\times$  ((2 travel days  $\times$  8 hours) + (1 day onsite  $\times$  8 hours))) = \$8,952. Therefore, the total cost of conducting the foreign performance evaluation of a VQIP importer is determined to be  $\$3,180 + \$8,952 = \$12,132$ .

Therefore, the estimated average cost of the work FDA performs in total for approving an application for a VQIP importer in FY 2025 based on these figures would be  $(\$12,402 \times \frac{1}{8}) + (\$8,904 \times \frac{7}{8}) + (\$5,264 \times \frac{1}{8}) = \$9,999$ .

#### IV. How must the fee be paid?

An invoice will be sent to VQIP importers approved to participate in the program. Payment must be made prior to October 1, 2024, to be eligible for VQIP participation for the benefit year beginning October 1, 2024. FDA will not refund the VQIP user fee for any reason.

The payment must be made in U.S. currency from a U.S. bank by one of the following methods: wire transfer, electronically, check, bank draft, or U.S. postal money order made payable to the Food and Drug Administration. The preferred payment method is online using an 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 have found your invoice, select "Pay Now" to be redirected to *Pay.gov*. Electronic payment options are based on the balance due. Payment by credit card is available only 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.

When paying by check, bank draft, or U.S. postal money order, please include the invoice number on the check stub. Also write the FDA post office box number (P.O. Box 979108) on the enclosed check, bank draft, or money order. Mail the payment including the invoice number on the check stub to: Food and Drug Administration, P.O. Box 979108, St. Louis, MO 63197-9000.

When paying by wire transfer, it is required that the invoice number is included; without the invoice number the payment may not be applied. The

originating financial institution may charge a wire transfer fee. If the financial institution charges a wire transfer fee, it is required to add that amount to the payment to ensure that the invoice is paid in full. For international wire transfers, please inquire with the financial institutions prior to submitting the payment. Use the following account information when sending a wire transfer: U.S. Department of the Treasury, TREAS NYC, 33 Liberty St., New York, NY 10045, Account Name: Food and Drug Administration, Account No.: 75060099, Routing No.: 021030004, Swift No.: FRNYUS33.

To send a check by a courier such as Federal Express, the courier must deliver the check to: U.S. Bank, Attn: Government Lockbox 979108, 3180 Rider Trail S., Earth City, MO 63045. (*Note:* This address is for courier delivery only. If you have any questions concerning courier delivery, contact U.S. Bank at 855-259-3064. This phone number is only for questions about courier delivery.)

The tax identification number of FDA is 53-0196965.

#### V. What are the consequences of not paying this fee?

The consequences of not paying these fees are outlined in Section J of "FDA's Voluntary Qualified Importer Program; Guidance for Industry" document (available at <https://www.fda.gov/media/92196/download>). If the user fee is not paid before October 1, a VQIP importer will not be eligible to participate in VQIP. For the first year a VQIP application is approved, if the user fee is not paid before October 1, 2024, you are not eligible to participate in VQIP. If you subsequently pay the user fee, FDA will begin your benefits after we receive the full payment. The user fee may not be paid after December 31, 2024. For a subsequent year, if you do not pay the user fee before October 1, FDA will send a Notice of Intent to Revoke your participation in VQIP. If you do not pay the user fee within 30 days of the date of the Notice of Intent to Revoke, we will revoke your participation in VQIP.

Dated: July 26, 2024.

**Lauren K. Roth,**

*Associate Commissioner for Policy.*

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