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Food and Drug Administration
Executive Summary -- FY 1999 Budget Request
(Dollars in Millions)

	FY 1998 Current Estimate[1]	Increase/ Decrease	FY 1999 Request
FDA, (Program Level)	$ 1,076.8 M	$ 213.3 M	$ 1,264.2 M
FDA, (Budget Authority Only)	$ 925.1 M	$ 45.0 M	$ 970.1 M
FDA, (Existing User Fees and Reimbursables)	$ 151.7 M	$ 14.7 M	$ 166.4 M
FDA, (Proposed User Fees)	$ 0.0 M	$ 127.7 M	$ 127.7 M
FTE	*9,144*	*386*	*9,530*

[1] This includes the FY 1998 appropriation plus the PDUFA Supplemental request for $25.9 million. This amount also includes $0.9 million for FDA's methadone monitoring program.

* NOTE: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act of 1997.

* NOTE: Numbers may not add due to rounding.

The FY 1999 President's Budget request is $1,264,230,000 including: $970,100,000 in budget authority; $132,273,000 in user fees for the Prescription Drug User Fee Act, $14,385,000 in user fees for the Mammography Quality Standards Act; $19,005,000 in existing user fees for exports, freedom of information, the certification fund and other reimburseable activities; and $127,717,000 in proposed new user fees, borne by the regulated industry, to cover a portion of the cost of FDA programs.

FY 1999 Budget Request

FDA's FY 1999 budget request focuses on FDA's mission of protecting and promoting the health of the American people through our core activities of premarket approval and postmarket surveillance. Our premarket strategies deal with the entire product development process -- from the initial development and testing of a product to the final review of the application for marketing. In the arena of postmarket surveillance, assuring product safety in more complex environments will require FDA to strategically position and target its resources to focus on critical points in the total product development, production, and distribution systems.

INCREASES

Food Safety Initiative -- +$50.0 million

Given the increasing complexity of food safety challenges and the growing need for FDA to respond to new foodborne safety hazards including emerging pathogens, the impetus for the Food Safety Initiative (FSI) comes from the increasing numbers of foodborne illnesses associated with microbial contamination of food. While America's food supply is one of the safest in the world, estimates still indicate that every year 6.5 to 33 million Americans become ill and as many as 9,000 die as a result of infections caused by foodborne pathogens. FDA's FY 1999 budget includes $74,000,000 for the Administration's Food Safety Initiative -- a $50,000,000 increase over the FY 1998 enacted level of $24,000,000.

During FY 1998, a number of Federal agencies, including FDA, the US Department of Agriculture (USDA), the Centers for Disease Control and Prevention (CDC) and the Environmental Protection Agency (EPA) will work to more effectively address rapidly growing safety concerns related specifically to domestic and imported fresh produce. Over the past several years, several foodborne outbreaks have been associated with the consumption of fresh fruits and vegetables or fruit and vegetable products. These included outbreaks linked to *Cyclospora* contamination of raspberries imported from Guatemala, and domestically-produced apple juice contaminated with *E. coli* 0157:H7. Also, *Salmonella* contamination has been found on melons and other produce.

FDA is particularly concerned about the safety of produce. One concern is the extremely low rate of monitoring provided annually for these products. In FY 1996, approximately 430,000 entries of fresh produce were offered for entry into the U.S. FDA examined about 0.2 percent of these entries for pathogen contamination. The potential risks associated with these imports is becoming clearer. That, coupled with health conscious consumers trying to take advantage of the scientifically established dietary benefits of fresh produce, is expected to increase the importation of fresh fruits and vegetables. Current estimates indicate that there will be a 33 percent increase in the importation of these products between now and FY 2002. It is clear that FDA needs to expand their presence in terms of inspecting imported fresh produce.

The President's Initiative to Ensure the Safety of Imported and Domestic Fruits and Vegetables is a new initiative which seeks to expand the scope and focus of the original FSI to include strategies which will provide for increased and more effective oversight of fresh produce. Under this initiative FDA is working with USDA and the agricultural community to develop Good Manufacturing Practices (GMP) and Good Agricultural Practices (GAP) guidance for producers, domestic as well as foreign. FDA is also accelerating research to: develop detection and intervention/prevention techniques; develop education and technical assistance programs to promote adoption of the guidance; and develop appropriate specific guidance. The President directed that a legislative proposal be developed to expand FDA's authority over imported foods to equal that already provided to USDA. The resources requested for this new initiative will allow the Agency to develop this legislative authority, promote voluntary GAP/GMP guidance through education and technical

assistance to domestic and foreign producers, and provide visits to up to 40 countries/commodities per year to evaluate all food-related processes.

Summary of FSI Increases	1998 $ Millions	1998 FTE	1999 $ Millions	1999 FTE
Foods	20	0	45.4	225
Domestic	*(20)*	*(0)*	*(20.4)*	*(70)*
Imports	*(0)*	*(0)*	*(25.0)*	*(155)*
Animal Drugs	4.0	0	3.1	15
NCTR	0.0	0	0.5	0
Other Activities	0.0	0	1.0	10
Total	24.0	0	50.0	250

In FY 1999, the Foods Program will expand its overall activities in six major areas identified in FY 1998 to address the food safety issues identified in the original Food Safety Initiative and the more recently developed Fresh Produce Initiative. These areas include:

- Surveillance -- Expand a national "early-warning" and surveillance system to help detect and respond to outbreaks of foodborne illness earlier and provide data needed to help prevent future outbreaks.

- Coordination -- Enhance the level of public health protection by improving coordination between state and Federal agencies responsible for responding to foodborne disease outbreaks, and reduce the response time to illness outbreaks. This could significantly reduce the magnitude of the adverse health and economic impacts of food related health emergencies.

- Inspections and Compliance -- Develop and implement more efficient and effective procedures for monitoring the nation's food supply and enhance FDA's coverage of the food supply. As noted above, inspection coverage for both domestic and imported food products has declined significantly over the past decade. In addition, the globalization of the food supply has resulted in dramatic increases in imported foods over the past decade. With the additional resources, FDA will work to further enhance its ability to more efficiently and effectively monitor the food supply and food production practices. Emphasis will be on expanding implementation of Hazard Analysis Critical Control Point (HACCP) and other food safety assurance systems in the food industry; working with USDA to achieve greater coordination on establishment and transportation inspections; increasing the number of Federal-state inspection partnerships; and expanding efforts to certify private laboratories to conduct food-related analyses. In addition, FDA will work to significantly enhance the safety of fresh produce through the development of GMPs and GAPs, targeted sampling and

analysis of these products, and developing and implementing a program targeted to foreign producers.

- Education -- Reduce the potential for foodborne illnesses by using new and innovative education and information sharing strategies for improving food handling practices of consumers and retail food service establishments. Data on consumer and food handler practices indicate that most foodborne illnesses occur in the home or are caused by food prepared and consumed at food service/retail establishments. Therefore, innovative food safety education programs offer an efficient and cost-effective means to reduce the potential for foodborne illness by changing unsafe food handling behaviors in the home and in retail food establishments.

- Research -- Develop new and improved methods for more rapidly and accurately detecting and characterizing foodborne hazards, for evaluating the effectiveness of surveillance initiatives, and for establishing more effective strategies to control and prevent foodborne hazards. Additional research is needed to fill critical gaps in FDA's food science capability and to allow for better targeting of resources.

- Risk Assessment -- Improve the capability to estimate risks associated with foodborne contaminants, especially microbial pathogens, in order to make faster and more accurate regulatory decisions; more effectively target program resources; and facilitate the development and evaluation of the most effective surveillance plans and risk reduction strategies. These efforts will help increase the effectiveness and efficiency of regulatory programs by providing the information needed to improve surveillance strategies, develop better prevention strategies, and establish stronger inspection models.

Youth Tobacco Prevention -- +$100.0 million, 25 FTE

On August 23, 1996, FDA issued its final regulation of nicotine-containing tobacco products. The final rule limits the access that underage users have to tobacco products and attempts to reduce the appeal of tobacco products to children. FDA's FY 1999 budget includes $134,000,000 for the costs associated with implementing this regulation, an increase of $100,000,000 and 25 FTE over the FY 1998 level. FDA will primarily engage in three activities: compliance outreach, and enforcement and product regulation.

FY 1999 Tobacco Request

Program Area	FY 1998	FY 1999
Compliance Outreach	$10,000	$ 35,000
Enforcement and Evaluation	24,000	75,000
Product Regulation	0	24,000
Total	$34,000	$134,000

Smoking is the leading preventable cause of death in the United States. Every year, another one million young people become regular smokers and one-third of them will eventually die prematurely as a result of their smoking. The average teenage smoker starts smoking at 14 ½ years of age and becomes a daily smoker by age 18. Our goal is to promote and protect the health of our nation's youth by reducing the easy access to tobacco products and eliminating the strong appeal of these products to children -- before they become addicted. Our goal is a 50 percent reduction in the use of tobacco products by children within seven years.

Tobacco products are responsible for more than 400,000 deaths annually due to cancer, respiratory illness, heart disease, and other health problems. According to the CDC, health care costs associated with smoking soared to more than $50 billion in 1993.

Continued investment in promoting and protecting the health of our youth is essential to our nation's future well being. In keeping with the Administration's Youth Tobacco Prevention initiative to reduce the use of tobacco among teens and pre-teens, we cannot realize a greater health return on investment than in those dollars targeted at keeping tobacco out of the hands of children and ensuring safe passages for our youth. FDA's activities will focus on the appeal and accessability of these products to children through regulation of sales and distribution, labeling, advertising and education.

User Fees -- +$142.4 million

In addition to requesting increased funding for existing user fee programs, the Administration is proposing new user fees for FDA. These proposals all highlight the importance of user fees in maintaining important government functions expected by the public, while achieving a balanced budget by 2002. Legislation will be proposed to authorize the fees. The following are the types of user fees being proposed by the Administration. We intend to work with Congress and FDA's many constituencies including the regulated industry, to develop these or other proposals to achieve the goal of collecting a total of $280,169,000 in user fees in 1999. This represents a total user fee increase over the FY 1998 Current Estimate level of $142,427,000.

User Fees -- FY 1999 Budget

	FY 1998 Current Estimate User User Fee Level ($000s)	FY 1999 User Fee Level ($000s)
Reauthorized Fees:		
Prescription Drug User Fees	$117,122	$132,273
Mammography Quality Standards Act	13,966	14,385
Existing Fees:		
Export Certification	2,000	1,000
Certification Fund/Color Additive	4,654	4,794*
Proposed New Fees:		
Food Additive Petitions	0	10,335
Generic Drugs	0	12,377
Animal Drugs	0	10,100
Medical Devices	0	25,000
Import Inspection	0	12,000
Postmarket Surveillance Activities:	0	57,905
Foods & Cosmetics	*0*	*(31,131)*
Human Drugs	*0*	*(6,776)*
Biologics	*0*	*(4,613)*
Animal Drugs & Feeds	*0*	*(3,966)*
Medical Devices	*0*	*(11,419)*
Total Fees	**$137,742**	**$280,169***

*NOTE: Since the budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

Performance Enhancement User Fees

Prescription Drug User Fee Act of 1992

FY 1998 -- Supplemental Request -- +$25.9 million
FY 1999 -- Request -- +$15.1 million and 120 FTE

The Food and Drug Administration Modernization Act of 1997 reauthorized the collection of user fees to enhance the review process of new human drugs and biological products through FY 2002 and established fees for applications, establishments, and approved products. FDA strongly believes in the success of PDUFA and that it serves as a model for reinventing government with Congress, the Agency, the industry, and consumer groups all working together providing necessary resources, setting performance goals, and holding the Agency accountable. The Agency received an Innovation in Government award for "Reform

of the U.S. Drug Approval Process." The award is one of ten given by the Harvard University Kennedy School of Government. These user fees have enabled FDA to improve its performance for drug review and approval times. The median approval time for human drug applications in 1991 was 21 months. Since the enactment of PDUFA, the median approval time for PDUFA original applications in the FY 1993 and FY 1994 cohorts have decreased to 17 months. Approval times for priority applications have been even quicker, averaging only 12 months for the 22 priority applications approved under PDUFA. The FY 1998 President's Budget requested $91,204,000 for PDUFA, but FDA is requesting a supplemental of $25,918,000 to cover the additional costs expected with the new requirements and additional workload of PDUFA. This brings the total for FY 1998 to $117,122,000 with 700 total FTE. In FY 1999, including $5,428,000 for transfer to the Rental Payments to GSA, the budget request contains an increase of 120 FTE and $15,152,000 over the FY 1998 current estimate, for a total program level of $132,273,000 and 820 FTE.

Mammography Quality Standards (MQSA) User Fees -- +$0.4 million

To ensure that women continue to have access to quality mammography, an effective tool in reducing mortality from breast cancer, FDA requests an increase in MQSA authorized inspection user fees of $419,000 to cover inflation, for a total of $14,385,000, with 53 FTE. MQSA required that mammography facilities be certified by October 1, 1994, to remain in operation and inspected annually to ensure compliance with national quality and safety standards. In FY 1999, Federal and state personnel will continue to conduct annual inspections of about 8,300 facilities and review certifications of 3,000 facilities, as well as provide training for new inspectors. The fees collected will pay for the costs of the inspections.

Other Existing User Fees -- -$0.8 million decrease

Currently authorized user fees include $3,764,000 in fees with 36 FTE for certification activities and $1,030,000 for Freedom of Information Act (FOIA) services. We are requesting inflationary increases of $140,000 for these activities.

Public Law 104-134, the FDA Export Reform and Enhancement Act of 1996, enacted as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, allows FDA to collect up to $175 each year for each export certification granted. We anticipate annual collections of $1,000,000 a year based upon receipts in FY 1997. FTE will remain at a total of eight. These collections will offset costs associated with granting these certificates and enable FDA to provide these approvals in a timely manner. This represents a $1,000,000 decrease since the previous years estimate, based on actual collections to date.

Proposed User Fees -- $127.7 million

The industries regulated by FDA derive valuable benefits from some FDA activities including increased customer confidence in their products and significant protection from liability. FDA's reputation also improves the competitive position of American firms in overseas markets. It is appropriate that the regulated industries contribute a share of FDA's cost of ensuring the safety and effectiveness of their products. We propose that user fees be applied to a wide range of FDA activities. The following are the types of user fees being proposed by the Administration. We intend to work with Congress, industry, and other affected parties to develop these or other proposals to help achieve the goal of collecting a total of $280,169,000 in user fees in FY 1999.

Foods -- $50.1 million

Proposals include: premarket approval activities for food and color additive petitions ($10,335,000), support of FDA import monitoring activities ($8,640,000), and partial funding of postmarketing regulatory activities ($31,131,000).

Drugs -- $19.4 million

Proposals include: review of original generic drug product applications ($12,377,000), support of FDA import monitoring activities ($240,000), and partial funding of postmarketing regulatory activities ($6,776,000).

Biologics -- $4.6 million

Proposals include: support of FDA import monitoring activities ($36,000) partial funding of postmarketing regulatory activities ($4,613,000).

Animal Drugs -- $14.4 million

Proposals include: review of premarket applications ($10,100,000), support of FDA import monitoring activities ($324,000), and partial funding of other postmarketing regulatory activities ($3,966,000).

Medical Devices - $39.2 million

Proposals include: activities related to review and evaluation of premarket approval applications, premarket notifications(510(k)s), and investigational device exemptions (DIEs) for all medical and radiological devices to ensure that new devices meet the statutory requirements prior to commercial marketing ($25,000,000); to support FDA import monitoring activities ($2,760,000); and to partially fund postmarketing regulatory activities ($11,419,000).

Postmarketing regulatory activities include not only traditional domestic postmarketing activities but also emerging strategies. These include partnering with state, local, professional and industry groups, and individuals to enhance the quality and safety of products. In addition, by increasing information sharing and technical assistance so that establishments are operating with strong quality assurance systems, the Agency anticipates that less formal regulatory intervention may be required. Traditional domestic postmarketing activities such as inspections, investigations, sample collections and analyses, regulatory analytical methods development, field exams, recall effectiveness checks, and injunctions and seizures will continue to play a role in postmarketing regulation.

Rental Payments to GSA -- +$42.0 million

Rental Payments to GSA (Budget Authority) -- +$36.6 million

Since 1995, FDA's appropriation for rental payments to GSA has been $46,294,000. During this period of time, there has been a widening gap between the amount of payments paid to GSA and the amount estimated and billed by GSA. The amount of the differential has grown to over $38,000,000 in FY 1998. The budget requests an additional $36,572,000 to fully finance FDA's rent for its facilities in 49 states, Puerto Rico, and the District of Columbia.

Rental Payments to GSA (PDUFA) -- +$5.4 million

FDA is requesting an additional $5,428,000 of PDUFA user fees to transfer to the Rental Payments to GSA appropriation to pay the PDUFA portion of the total expected GSA bill in FY 1999.

S&E Rent and Rent Related Costs -- +$1.7 million

For FY 1999, FDA is requesting an increase of $1,650,000 for rent-related costs, for a total of $27,505,000. This increase represents a full year of rent and utilities for new space at the Christopher Columbus Center in Baltimore, MD as well as other increased costs for full year utilities and service contracts including operation and maintenance, janitorial, guards service, grounds maintenance of FDA facilities, and increased security costs in the wake of the Oklahoma City bombing.

DECREASES:

Drug Control Program -- -$0.9 million

In 1993, the Public Health Service (PHS) commissioned the Institute of Medicine (IOM) to evaluate the existing regulations, and how they are enforced, to determine the impact on the quality of treatment provided and the diversion of treatment medications to the illicit drug market. The results of this study were published in 1995, and recommended a decreasing Federal regulatory role, and readjusting the balance among regulations, clinical practice guidelines and quality assurance systems.

The Assistant Secretary for Health asked the Interagency Narcotic Treatment Policy Review Board (INTPRB) to identify an appropriate response to this study. The INTPRB developed recommendations for an accreditation-based regulatory system to replace FDA's existing process-based regulations. All PHS agencies concurred with the proposed response. The oversight of opioid abuse treatment is not consistent with FDA's expertise or mission.

FDA is assisting the Substance Abuse and Mental Health Services Administration (SAMHSA) and other Department of Health and Human Services (DHHS) agencies, and the Office of National Drug Control Program (ONDCP) in developing a new system to replace the current Methadone Monitoring Program of direct regulation through FDA inspections. The new system will rely on private accrediting bodies to develop standards and accredit individual programs. The proposal was highlighted as part of the DHHS participation in the National Performance Review and is consistent with the Department's drug abuse reduction initiatives and goals to increase health care quality by increasing treatment efficiency and effectiveness. FDA's FY 1998 resource level of $900,000 and 9 FTE for this program will be completely transferred to SAMHSA, beginning in FY 1999. The budget request reflects this transfer.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

Approved:

Robert J Byrd

Date: 2/2/98

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FOOD AND DRUG ADMINISTRATION

FY 1999 Congressional Budget Request -- Total Program Level
(Dollars in Thousands)

Project	FY 1997 Actual Obligations 1/		FY 1998 Appropriation		FY 1998 Current Estimate		FY 1999 Request		0 Current Estimate	
	FTE	$	FTE	$	FTE	$	FTE	$	FTE	$
Foods	**2,226**	**$191,183**	**2,218**	**$203,830**	**2,218**	**$203,830**	**2,443**	**$248,717**	**225**	**$44,887**
Center for Food Safety & Applied Nutrition	*790*	*78,133*	*809*	*87,599*	*809*	*87,599*	*879*	*107,212*	*70*	*19,613*
Field Activities	*1,436*	*113,050*	*1,409*	*116,231*	*1,409*	*116,231*	*1,564*	*141,505*	*155*	*25,274*
Human Drugs 2/	**2,515**	**$254,415**	**2,561**	**$265,024**	**2,561**	**$283,756**	**2,655**	**$289,399**	**94**	**$5,643**
Center for Drug Evaluation & Research	*1,673*	*187,965*	*1,708*	*200,112*	*1,708*	*217,533*	*1,795*	*223,366*	*87*	*5,833*
Field Activities	*842*	*66,450*	*853*	*64,912*	*853*	*66,223*	*860*	*66,033*	*7*	*(190)*
Biologics	**1,070**	**$122,640**	**1,067**	**$116,998**	**1,067**	**$122,884**	**1,077**	**$124,892**	**10**	**$2,008**
Center for Biologics Evaluation & Research	*844*	*104,844*	*831*	*98,856*	*831*	*104,630*	*840*	*106,648*	*9*	*2,019*
Field Activities	*226*	*17,796*	*236*	*18,142*	*236*	*18,255*	*237*	*18,244*	*1*	*(11)*
Animal Drugs & Feeds	**382**	**$36,216**	**428**	**$41,973**	**428**	**$41,973**	**443**	**$44,974**	**15**	**$3,001**
Center for Veterinary Medicine	*247*	*25,588*	*264*	*29,375*	*264*	*29,375*	*278*	*32,164*	*14*	*2,789*
Field Activities	*135*	*10,628*	*164*	*12,598*	*164*	*12,598*	*165*	*12,810*	*1*	*212*
Device & Radiological Products	**1,667**	**$159,821**	**1,569**	**$155,891**	**1,569**	**$155,891**	**1,569**	**$155,955**	**0**	**$64**
Center for Devices & Radiological Health	*1,090*	*107,805*	*1,057*	*111,964*	*1,057*	*111,964*	*1,057*	*111,987*	*0*	*23*
Field Activities	*577*	*52,016*	*512*	*43,927*	*512*	*43,927*	*512*	*43,968*	*0*	*41*
NCTR	**223**	**$31,929**	**225**	**$31,079**	**225**	**$31,079**	**225**	**$31,579**	**0**	**$500**
Tobacco	**21**	**$4,914**	**25**	**$34,000**	**25**	**$34,000**	**50**	**$134,000**	**25**	**$100,000**
Other Activities	**996**	**$91,556**	**979**	**$88,020**	**979**	**$89,318**	**996**	**$90,810**	**17**	**$1,492**
Office of the Commissioner	*135*	*11,686*	*134*	*12,030*	*134*	*12,053*	*136*	*12,262*	*2*	*209*
Office of Policy	*36*	*2,702*	*35*	*2,925*	*35*	*2,925*	*37*	*3,125*	*2*	*200*
Office of External Affairs	*196*	*15,572*	*189*	*15,352*	*189*	*15,352*	*191*	*15,552*	*2*	*200*
Office of Operations/Orphan Grants Admin	*34*	*3,489*	*34*	*3,559*	*34*	*3,559*	*35*	*3,659*	*1*	*100*
Office of Management & Systems	*595*	*49,615*	*587*	*45,424*	*587*	*46,699*	*597*	*47,482*	*10*	*783*
Central Services	*0*	*8,492*	*0*	*8,730*	*0*	*8,730*	*0*	*8,730*	*0*	*0*
Other Rent & Rent-related Activities	**0**	**$24,153**	**0**	**$25,855**	**0**	**$25,855**	**0**	**$27,505**	**0**	**$1,650**
Total, Salaries & Expenses 3/	**9,100**	**$916,827**	**9,072**	**$962,671**	**9,072**	**$988,587**	**9,458**	**$1,147,831**	**386**	**$159,244**
Non-Field Activities	***5,884***	***656,887***	***5,898***	***706,860***	***5,898***	***731,353***	***6,120***	***865,271***	***222***	***133,918***
Field Activities	***3,216***	***259,940***	***3,174***	***255,811***	***3,174***	***257,234***	***3,338***	***282,560***	***164***	***25,326***
Rental Payments	**0**	**46,294**	**0**	**46,294**	**0**	**46,294**	**0**	**88,294**	**0**	**42,000**
Buildings & Facilities	**0**	**14,515**	**0**	**21,350**	**0**	**21,350**	**0**	**8,350**	**0**	**(13,000)**
Reimbursable Activities	**30**	**13,574**	**28**	**13,211**	**28**	**13,211**	**28**	**13,211**	**0**	**0**
Export Certification	**0**	**493**	**8**	**2,000**	**8**	**2,000**	**8**	**1,000**	**0**	**(1,000)**
Certification Fund	**41**	**4,222**	**36**	**3,654**	**36**	**3,654**	**36**	**3,764**	**0**	**110**
FOIA	**0**	**967**	**0**	**1,000**	**0**	**1,000**	**0**	**1,030**	**0**	**30**
CRADAs	**0**	**113**	**0**	**750**	**0**	**750**	**0**	**750**	**0**	**0**
Total, Program Level	**9,171**	**$997,005**	**9,144**	**$1,050,930**	**9,144**	**$1,076,846**	**9,530**	**$1,264,230**	**386**	**$187,384**

Explanatory Notes:
1/ Includes $40K transfer from ONDCP in Human Drugs field activities.
2/ FY 1999 reflects a reduction of $900,000 and 9 FTEs transferred from Human Drugs (field) to SAMHSA for the methadone program.
3/ Includes a $77 thousand lapse of FY 1997 funding.
Major Budgetary Changes: Food Safety (+$50 million, +250 FTEs); Tobacco (+$100 million, +25 FTEs); PDUFA (+$15 million, +120 FTEs); Methadone Transfer (-$900,000, -9 FTEs).
Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

FOOD AND DRUG ADMINISTRATION

FY 1999 Congressional Budget Request -- Budget Authority

Project	FY 1997 Actual Obligations 1/		FY 1998 Appropriation		FY 1998 Current Estimate		FY 1999 Request		Change From FY98 Current Estimate	
	FTE	$	FTE	$	FTE	$	FTE	$	FTE	$
Foods	**2,226**	**$191,183**	**2,218**	**$203,830**	**2,218**	**$203,830**	**1,979**	**$198,611**	**(239)**	**($5,219)**
Center for Food Safety & Applied Nutrition	*790*	*78,133*	*809*	*87,599*	*809*	*87,599*	*(83)*	*96,877*	*(26)*	*9,278*
Field Activities	*1,436*	*113,050*	*1,409*	*116,231*	*1,409*	*116,231*	*1,196*	*101,734*	*(213)*	*(14,497)*
Human Drugs 2/	**2,069**	**$201,079**	**2,094**	**$199,108**	**2,094**	**$199,108**	**1,905**	**$178,331**	**(189)**	**($20,777)**
Center for Drug Evaluation & Research	*1,287*	*139,201*	*1,310*	*138,809*	*1,310*	*138,809*	*1,191*	*125,729*	*(119)*	*(13,080)*
Field Activities	*782*	*61,878*	*784*	*60,299*	*784*	*60,299*	*(14)*	*52,602*	*(70)*	*(7,697)*
Biologics	**861**	**$96,256**	**875**	**$96,279**	**875**	**$96,279**	**832**	**$91,428**	**(43)**	**($4,851)**
Center for Biologics Evaluation & Research	*640*	*78,858*	*644*	*78,535*	*644*	*78,535*	*644*	*78,386*	*0*	*(149)*
Field Activities	*221*	*17,398*	*231*	*17,744*	*231*	*17,744*	*188*	*13,042*	*(43)*	*(4,702)*
Animal Drugs & Feeds	**382**	**$36,216**	**428**	**$41,973**	**428**	**$41,973**	**310**	**$30,584**	**(118)**	**($11,389)**
Center for Veterinary Medicine	*247*	*25,588*	*264*	*29,375*	*264*	*29,375*	*184*	*22,064*	*(80)*	*(7,311)*
Field Activities	*135*	*10,628*	*164*	*12,598*	*164*	*12,598*	*125*	*8,520*	*(39)*	*(4,078)*
Device & Radiological Products	**1,619**	**$147,372**	**1,518**	**$142,080**	**1,518**	**$142,080**	**1,155**	**$102,550**	**(343)**	**($39,530)**
Center for Devices & Radiological Health	*1,058*	*103,207*	*1,025*	*103,311*	*1,025*	*103,311*	*(93)*	*78,074*	*(232)*	*(25,237)*
Field Activities	*561*	*44,165*	*493*	*38,769*	*493*	*38,769*	*362*	*24,476*	*(131)*	*(14,293)*
NCTR	**223**	**$31,929**	**225**	**$31,079**	**225**	**$31,079**	**225**	**$31,579**	**0**	**$500**
Tobacco	**21**	**$4,914**	**25**	**$34,000**	**25**	**$34,000**	**50**	**$134,000**	**25**	**$100,000**
Other Activities	**953**	**$86,832**	**936**	**$83,297**	**936**	**$83,297**	**946**	**$84,297**	**10**	**$1,000**
Office of the Commissioner	*134*	*11,604*	*133*	*11,948*	*133*	*11,948*	*135*	*12,148*	*2*	*200*
Office of Policy	*36*	*2,702*	*35*	*2,925*	*35*	*2,925*	*37*	*3,125*	*2*	*200*
Office of External Affairs	*196*	*15,572*	*189*	*15,352*	*189*	*15,352*	*191*	*15,552*	*2*	*200*
Office of Operations/Orphan Grants Admin	*34*	*3,489*	*34*	*3,559*	*34*	*3,559*	*35*	*3,659*	*1*	*100*
Office of Management & Systems	*553*	*44,973*	*545*	*40,783*	*545*	*40,783*	*548*	*41,083*	*3*	*300*
Central Services	*0*	*8,492*	*0*	*8,730*	*0*	*8,730*	*0*	*8,730*	*0*	*0*
Other Rent & Rent-related Activities	**0**	**$24,153**	**0**	**$25,855**	**0**	**$25,855**	**0**	**$27,505**	**0**	**$1,650**
Total, Salaries & Expenses 3/	**8,354**	**$819,934**	**8,319**	**$857,501**	**8,319**	**$857,501**	**7,402**	**$878,885**	**(917)**	**$21,385**
Non-Field Activities	***5,219***	***572,815***	***5,238***	***611,860***	***5,238***	***611,860***	***4,818***	***678,511***	***(420)***	***66,651***
Field Activities	***3,135***	***247,119***	***3,081***	***245,641***	***3,081***	***245,641***	***2,584***	***200,374***	***(497)***	***(45,266)***
Rental Payments	**0**	**46,294**	**0**	**46,294**	**0**	**46,294**	**0**	**82,866**	**0**	**36,572**
Buildings & Facilities	**0**	**14,515**	**0**	**21,350**	**0**	**21,350**	**0**	**8,350**	**0**	**(13,000)**
Total, Budget Authority	**8,354**	**$880,743**	**8,319**	**$925,145**	**8,319**	**$925,145**	**7,402**	**$970,101**	**(917)**	**$44,956**

Explanatory Notes:

1/ Includes $40K transfer from ONDCP in Human Drugs field activities.

2/ FY 1999 reflects a reduction of $900,000 and 9 FTEs transferred from FDA to SAMHSA for the methadone program.

3/ Includes a $77 thousand lapse of FY 1997 funding.

Major Budgetary Changes: Food Safety (+$50 million, +250 FTEs); Tobacco (+$100 million, +25 FTEs); PDUFA (+$15 million, +120 FTEs); Methadone Transfer (-$900,000, -9 FTEs).

FOOD AND DRUG ADMINISTRATION

FY 1999 Congressional Budget Request -- User Fees & Reimbursables
(Dollars in Thousands)

User Fees & Reimbursables	FY 1997 Actual Obligations		FY 1998 Appropriation 1/		FY 1998 Current Estimate		FY 1999 Request		Change From FY98 Current Estimate	
	FTE	$	FTE	$	FTE	$	FTE	$	FTE	$
Performance Enhancement										
PDUFA:	**696**	**84,289**	**700**	**91,204**	**700**	**117,121**	**820**	**132,274**	**120**	**15,153**
Human Drugs	*446*	*53,336*	*467*	*65,916*	*467*	*84,648*	*570*	*91,676*	*103*	*7,028*
Center Activities	*386*	*48,764*	*398*	*61,303*	*398*	*78,724*	*489*	*85,260*	*91*	*6,536*
Field Activities	*60*	*4,572*	*69*	*4,613*	*69*	*5,924*	*81*	*6,416*	*12*	*492*
Biologics	*209*	*26,384*	*192*	*20,719*	*192*	*26,606*	*202*	*28,816*	*10*	*2,210*
Center Activities	*204*	*25,986*	*187*	*20,321*	*187*	*26,095*	*196*	*28,262*	*9*	*2,167*
Field Activities	*5*	*398*	*5*	*398*	*5*	*511*	*6*	*554*	*1*	*44*
Other Activities	*41*	*4,569*	*41*	*4,569*	*41*	*5,867*	*48*	*6,354*	*7*	*487*
Office of the Commissioner	*1*	*82*	*1*	*82*	*1*	*105*	*1*	*114*	*0*	*9*
Office of Management & Systems	*40*	*4,487*	*40*	*4,487*	*40*	*5,762*	*47*	*6,240*	*7*	*478*
GSA Rent	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*5,428*	*0*	*5,428*
MQSA	**50**	**12,604**	**53**	**13,966**	**53**	**13,965**	**53**	**14,385**	**0**	**420**
Center Activities	*32*	*4,598*	*32*	*8,653*	*32*	*8,653*	*32*	*8,913*	*0*	*260*
Field Activities	*16*	*7,851*	*19*	*5,158*	*19*	*5,158*	*19*	*5,313*	*0*	*155*
Other Activities--Office of Mgmt & Sy	*2*	*155*	*2*	*154*	*2*	*154*	*2*	*159*	*0*	*5*
Reimbursable Activities	**30**	**13,574**	**28**	**13,211**	**28**	**13,211**	**28**	**13,211**	**0**	**0**
Export Certification	**0**	**493**	**8**	**2,000**	**8**	**2,000**	**8**	**1,000**	**0**	**(1,000)**
Certification Fund	**41**	**4,222**	**36**	**3,654**	**36**	**3,654**	**36**	**3,764**	**0**	**110**
FOIA	**0**	**967**	**0**	**1,000**	**0**	**1,000**	**0**	**1,030**	**0**	**30**
CRADAs	**0**	**113**	**0**	**750**	**0**	**750**	**0**	**750**	**0**	**0**
Subtotal, User Fees & Reimbursable	**817**	**116,262**	**825**	**125,785**	**825**	**151,701**	**945**	**166,414**	**120**	**14,713**
Center Activities	***736***	***103,441***	***732***	***115,615***	***732***	***140,108***	***839***	***154,131***	***107***	***14,023***
Field Activities	***81***	***12,821***	***93***	***10,170***	***93***	***11,593***	***106***	***12,283***	***13***	***690***
Proposed User Fees										
Foods	0	0	0	0	0	0	464	50,106	464	50,106
Additive Petitions (Center)	*0*	*0*	*0*	*0*	*0*	*0*	*96*	*10,335*	*96*	*10,335*
Import Reviews (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*80*	*8,640*	*80*	*8,640*
Postmarket Surveillance (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*288*	*31,131*	*288*	*31,131*
Human Drugs	0	0	0	0	0	0	180	19,393	180	19,393
Generic Drugs Reviews (Center)	*0*	*0*	*0*	*0*	*0*	*0*	*115*	*12,377*	*115*	*12,377*
Import Reviews (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*2*	*240*	*2*	*240*
Postmarket Surveillance (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*63*	*6,776*	*63*	*6,776*
Biologics	0	0	0	0	0	0	43	4,649	43	4,649
Import Reviews (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*36*	*0*	*36*
Postmarket Surveillance (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*43*	*4,613*	*43*	*4,613*
Animal Drugs	0	0	0	0	0	0	133	14,390	133	14,390
Premarket Reviews (Center)	*0*	*0*	*0*	*0*	*0*	*0*	*94*	*10,100*	*94*	*10,100*
Import Reviews (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*3*	*324*	*3*	*324*
Postmarket Surveillance (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*37*	*3,966*	*37*	*3,966*
Medical Devices	0	0	0	0	0	0	363	39,179	363	39,179
Premarket Reviews (Center)	*0*	*0*	*0*	*0*	*0*	*0*	*232*	*25,000*	*232*	*25,000*
Import Reviews (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*26*	*2,760*	*26*	*2,760*
Postmarket Surveillance (Field)	*0*	*0*	*0*	*0*	*0*	*0*	*106*	*11,419*	*106*	*11,419*
Subtotal, Proposed User Fees	**0**	**0**	**0**	**0**	**0**	**0**	**1,183**	**127,717**	**1,183**	**127,717**
Center Activities	*0*	*0*	*0*	*0*	*0*	*0*	*535*	*57,812*	*535*	*57,812*
Field Activities	*0*	*0*	*0*	*0*	*0*	*0*	*648*	*69,905*	*648*	*69,905*
Total, User Fees & Reimbursables	**817**	**116,262**	**825**	**125,785**	**825**	**151,701**	**2,128**	**294,131**	**1,303**	**142,430**
Center Activities	*736*	*103,441*	*732*	*115,615*	*732*	*140,108*	*1,374*	*211,943*	*642*	*71,835*
Field Activities	*81*	*12,821*	*93*	*10,170*	*93*	*11,593*	*754*	*82,188*	*661*	*70,595*

Explanatory Notes:
1/ FY 1998 user fees for PDUFA & MQSA reflect appropriated amounts; FDA's operating plan show estimated obligations which includes carry-over from prior years.
Major Budgetary Changes: Food Safety (+$50 million, +250 FTEs); Tobacco (+$100 million, +25 FTEs); PDUFA (+$15 million, +120 FTEs); Methadone Transfer (-$900,000, -9 FTEs).
Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

SUMMARY OF CHANGE

(Dollars in thousands)

	FTE		$000
1998 Appropriation	**9,144**		**$1,050,180**
1998 Proposed Supplemental Appropriation			**$25,917**
1998 Current Estimate			**$1,076,097**
1999 Request	**9,530**		**$1,263,480**
Net change	**386**	**+**	**$187,383**

	1998 Current Estimate Base		Change from Base	
	FTE	($000)	FTE	($000)
	9,144	$1,076,097		
Increases: Built-in:				
1999 Pay Raise of 3.1 % (75%)			+	$13,342
Annualization of 1998 pay (25% of 2.8%)			+	4,151
Within grade increases			+	5,939
Service and Supply Fund			+	484
NIH management Fund			+	830
Other			+	6,911
Subtotal Built in Increases			+	$31,657
Increases: Program				
Food Safety Initiative		250	+	50,000
Tobacco		25	+	100,000
GSA Rent			+	36,572
PDUFA		120	+	15,151
MQSA Inspection User Fees			+	419
Certification Fund/FOIA			+	140
Proposed user fees		1,183	+	127,717
Subtotal Program Increases:		1,578	+	329,999
TOTAL INCREASES:		**1,578**	+	**$361,656**
Decreases: Built-in:				
Program: Absorption of built-in increases				(31,657)
Decreases: Program				
Export Certification				(1,000)
Offsets to B/A for proposed user fees		(1,183)		($127,717)
Buildings and Facilities				($13,000)
Transfer to SAMHSA for methadone program		(9)		($900)
TOTAL DECREASES:		**(1,192)**		**($174,274)**
NET CHANGE:		**386**	**+**	**$187,382**

Appropriations Language

TITLE VI
RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Food and Drug Administration, including hire and purchase of passenger motor vehicles; for rental of special purpose space in the District of Columbia or elsewhere; and for miscellaneous and emergency expenses of enforcement activities, authorized and approved by the Secretary and to be accounted for solely on the Secretary's certificate, not to exceed $25,000; [$948,705,000] $878,884,000. In addition, fees collected for fiscal year 1999 [of which not to exceed $91,204,000 in fees] pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act may be credited to this appropriation and remain available until expended: *Provided,* That fees derived from applications received during fiscal year [1998] 1999 shall be subject to the fiscal year [1998] 1999 limitation: *Provided further,* That none of these funds shall be used to develop, establish, or operate any program of user fees authorized by 31U.S.C. 9701.]

In addition, fees pursuant to section 354 of the Public Health Service Act may be credited to this account, to remain available until expended.

In addition, fees pursuant to section 801 of the Federal Food, Drug, and Cosmetic Act may be credited to this account, to remain available until expended.

BUILDINGS AND FACILITIES

For plans, construction, repair, improvement, extension, alteration and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, [$21,350,000], $8,350,000 to remain available until expended (7 U.S.C. 2209b).

RENTAL PAYMENTS (FDA)
(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313 for programs and activities of the Food and Drug Administration which are included in this Act, [$46,294,000] $88,294,000, Including not to exceed $5,428,000 to be transferred to this appropriation from fees collected pursuant to section 736 of the Federal Food, Drug and Cosmetic Act and credited to the Food and Drug Administration Salaries and Expenses appropriation: *Provided,* That in the event the Food and Drug Administration should require modification of space needs, a share of the salaries and expenses appropriation may be transferred to this appropriation, or a share of this appropriation may be transferred to the salaries and expenses appropriation, but such transfers shall not exceed 5 percent

of the funds made available for rental payments (FDA) to or from this account. (*Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1997*.)

[FY 1998 SUPPLEMENTAL]

FOOD AND DRUG ADMINISTRATION

Salaries and Expenses

(Supplemental now requested, existing legislation)

For an additional amount for "Salaries and expenses" from fees collected pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act, an amount equal to the amount by which the total of such fees authorized to be collected for fiscal year 1998 exceeds $91,204,000, to remain available until expended.

Appropriation Language Changes: FDA is also including language addressing the FY 1998 supplemental for the PDUFA program of $25,918,000. New language is proposed under Rental Payments section specifying that $5,428,000 of funds received from PDUFA may be used for rental payments.

Table of Estimates And Appropriations

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1988	454,109,000[1]	450,504,000	454,109,000	450,504,000
1989	481,844,000[2]	481,844,000	481,844,000	481,844,000[3]
1990	556,571,000[4]	550,171,000	581,871,000	567,079,000[5]
1991	654,808,000[6]	654,808,000	661,652,000	656,519,000[7]
1992	737,604,000[8]	725,962,000	704,734,000	725,962,000
1993	757,038,000[9]	744,135,000	744,135,000	792,035,000[10]
1994	867,339,000[11]	867,339,000	692,339,000	870,123,000[12]
1995	926,007,000[13]	914,394,000	754,587,000	897,104,000[14]
1996	965,462,000[15]	917,694,000	917,694,000	917,694,000[16]
1997	964,178,000[17]	920,903,000	920,902,000	920,903,000[18]
1998	987,735,000[19]	866,467,000	978,227,000	962,671,000[20]
1999	1,153,259,000[21]			

[1] The FY 1988 request includes Amendments of +$8,880,000 for AIDS, -$2,357,000 for reduced FERS Agency contribution rate, and $33,800,000 proposed to be available from user fees.

[2] The FY 1989 request includes funding of $40,420,000 for AIDS-related work which was proposed to be funded in the AIDS Research and Education Account.

[3] The FY 1989 appropriation does not include $5,000,000 added in the Anti-Drug Abuse Act.

[4] The FY 1990 request includes $56,941,000 which was included in the proposed National HIV Program account, $13,900,000 requested as a supplemental appropriation, and $100,000,000 proposed to be available from user fees.

[5] The FY 1990 appropriation includes $7,092,000 which was subsequently sequestered.

[6] The FY 1991 request includes $157,175,000 proposed to be available from user fees.

[7] The FY 1991 appropriation includes $8,868 which was subsequently sequestered.

[8] The FY 1992 request includes $197,500,000 proposed to be available from user fees.

[9] The FY 1993 appropriation request includes $200,000,000 proposed to be available from user fees.

[10] The FY 1993 appropriation includes $1,900,000 to fund a clinical pharmacology pilot program; and a $3,000,000 supplemental for Mammography Quality Standards Act (MQSA) to be transferred from HCFA, NIH and CDC; and $36,000,000 for the Prescription Drug User Fee Act.

[11] The FY 1994 request includes $54,000,000 for the Prescription Drug User Fee Act (PDUFA); $64,600,000 for Investment Initiatives; $200,000,000 proposed to be available from User Fees.

[12] The FY 1994 appropriation includes $56,284,000 for PDUFA ($2,284 which was a supplemental appropriation), and $40,000,00 for Investment Initiatives.

[13] The FY 1995 1995 request includes $79,423,000 for PDUFA; $24,000,000 for Device User Fees; $6,500,000 for MQSA fee collections; and other user fees of $228,000,000. Also included is a transfer from Office of the Secretary, Office of General Counsel to FDA of $2,745,000 and 34 FTE.

[14] The FY 1995 appropriation includes an amended S&E BA of $817,681,000 and $79,423,000 for PDUFA. The amount does not include anticipated collections of MQSA inspections fees of $6,500,000. The level reflects the amended appropriation which rescinded $2,290,000.

[15] The FY 1996 request includes S&E BA of $828,999,000; $84,723,000 for PDUFA; $13,000,000 for MQSA fee collections; $23,740,00 for MDUFA; and $15,000,000 for Import fees.

[16] The FY 1996 appropriation includes S&E BA of $819,971,000; $84,723,000 for PDUFA; and $13,000,000 for MQSA fee collections.

[17] The FY 1997 request includes S&E BA of $823,771,000; $87,528,000 for PDUFA; $13,403,000 for MQSA fee collections; $24,476,00 for MDUFA; and 15,000,000 for Import fees.

[18] The FY 1997 appropriation includes S&E BA of $819,971,000; $87,528,000 for PDUFA; and $13,403,000 for MQSA fee collections.

[19] The FY 1998 request includes S&E BA of $750,922,000; $91,204,000 for PDUFA; $13,966,000 for MQSA; $131,643,000 for new user fees. Does not reflect proposed PDUFA Supplemental request of $25,618,000 requested with the FY 1999 President's Budget.

[20] The FY 1998 appropriation includes S&E BA of $857,501,000; $91,204,000 for PDUFA; and $13,966,000 for MQSA fee collections.

[21] The FY 1999 request includes S&E BA of $878,884,000; $132,273,000 for PDUFA; $14,385,000 for MQSA; and $127,717,000 for new user fees.

Table of Estimates And Appropriations

Rental Payments to GSA

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1988	34,495,000	25,612,000	34,495,000	25,612,000
1989	25,612,000	25,612,000	25,612,000	25,612,000
1990	25,612,000	25,612,000	25,612,000	25,612,000
1991	25,612,000	25,612,000	25,612,000	25,612,000[1]
1992	25,612,000	25,612,000	25,612,000	25,612,000
1993	25,612,000	25,612,000	25,612,000	25,612,000
1994	48,575,000	48,575,000	48,575,000	48,575,000[2]
1995	48,575,000	46,294,000[3]	46,294,000	46,294,000[4]
1996	46,294,000	46,294,000	46,294,000	46,294,000[5]
1997	46,294,000	46,294,000	46,294,000	46,294,000[6]
1998	46,294,000[7]	46,294,000	46,294,000	46,294,000[7]
1999	86,294,000[8]			

[1] Does not reflect $333 which was subsequently sequestered.

[2] Includes $15,000,000 reserved for use by FDA for repairs and improvements to facilities.

[3] Reflects a GSA rent reduction of $2,281,000 to the rent cap.

[4] Includes an authorized reduction of GSA rent payments of $3,970,000 to cover FDA's Building Delegation expenses.

[5] Includes an authorized reduction of GSA rent payments of $3,957,000 to cover FDA's Building Delegation expenses.

[6] Includes an authorized reduction of GSA rent payments estimated to be $4,705,000 to cover FDA's Building Delegation expenses.

[7] Includes an authorized reduction of GSA rent payments estimated to be $4,832,000 to cover FDA's Building Delegation expenses.

[8] Includes an authorized reduction of GSA rent payments estimated to be $4,917,0000 to cover FDA's Building Delegation expenses and $5,428,000 of PDUFA collections.

Table of Estimates And Appropriations

Buildings and Facilities

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1988	1,450,000[1]	1,450,000	1,450,000	1,450,000
1989	26,450,000[1]	23,710,000	25,736,000	23,950,000
1990	1,450,000[1]	6,950,000	12,250,000	8,350,000
1991	4,752,000[1]	8,350,000	10,850,000	8,350,000
1992	10,000,000[1]	10,400,000	8,350,000	8,350,000[2]
1993	8,350,000	8,350,000	8,350,000	8,350,000
1994	8,350,000[3]	8,350,000	8,350,000	8,350,000
1995	8,350,000[4]	18,150,000	8,350,000	18,150,000[5]
1996	8,350,000	15,150,000	8,350,000	12,150,000[6]
1997	8,350,000	21,350,000	21,350,000	21,350,000[7]
1998	22,900,000[8]	21,350,000	21,350,000	21,350,000[8]
1999	8,350,000			

[1] Funding of facilities projects - 1984 through 1992 - was included in the Program Expenses request but appropriated in this account.

[2] Does not include $200,000,000 provided to GSA in the Treasury, Postal Service, General Government Appropriation Act of 1992 for consolidation of FDA headquarters facilities.

[3] Does not include $73,900,000 provided to GSA in the Treasury, Postal Service, General Government Appropriation Act of 1994 for consolidation of FDA headquarters facilities.

[4] Does not include $45,000,000 provided to GSA in the Treasury, Postal Service, General Government Appropriation Act of 1995 for consolidation of FDA headquarters facilities.

[5] Includes $9,800,000 to purchase land and begin engineering and design work for replacement of FDA's Los Angeles District office and laboratory.

[6] Includes $3,800,000 for continuing work on an Arkansas Regional Laboratory at Jefferson, AR.

[7] Includes $13,000,000 for continuing modernization of Arkansas Regional Laboratory at Jefferson, AR.

[8] Includes $14,550,000 for continuing modernization of Arkansas Regional Laboratory at Jefferson, AR.

FOOD AND DRUG ADMINISTRATION
FY 1998 SENATE AND HOUSE APPROPRIATIONS COMMITTEE
Significant Items/Reports

Conference Report 105-252

Item

"The agreement includes $200,000 for a cooperative agreement with the Interstate Shellfish Sanitation Commission to continue research, safety rules, regulations, and education activities."

Action to be taken

FDA will use $200,000 in FY 1998 to continue funding a high priority cooperative program with the Interstate Shellfish Sanitation Conference (ISSC). One important aspect of that cooperative program is the continued study of the Vibrio vulnificus bacteria in molluscan shellfish. Vibrio vulnificus continues to threaten raw shellfish consumers who have pre-existing medical conditions such as liver disease. ISSC also matches funds or offers grants to states, universities, or industry involved in an educational program on the consumption of raw shellfish. Continuing the Vibrio vulnificus research efforts will complement FDA's existing efforts and give public health officials an enhanced understanding of the bacteria. The $200,000 may also fund other important cooperative efforts relating to health hazards from natural toxins and other problems, as well as effective program management. These activities will also enhance FDA's activities under the National Food Safety Initiative.

Senate Report 105-51

Item

"The Committee also expects FDA to maintain funding in fiscal year 1998 for orphan products grants at no less than the fiscal year 1997 current level of $11,345,000."

Action to be taken

FDA's Operating Plan allocates $11,345,000 for the orphan products grant program for FY 1998.

Item

"*Timely FDA reviews.* - The Federal Food and Drug and Cosmetic Act [FFDC or the act] requires various FDA premarket approvals to protect consumers from unsafe drug, medical device, and food products, and to address ancillary matters related to those products. The act specifies review periods to prevent excessive delays. This requirement provides assurance that is important as an incentive for companies to invest in development of innovative products and in permitting access to state-of-the-art treatment and prevention techniques for various diseases. Because delay in approval of safe and effective products can have a significant adverse affect on public health, the Committee remains deeply concerned that FDA generally does not meet its statutory duty to timely review and approve or deny various petitions and applications. While improvements in processing times have occurred in some areas, much further improvement is required for FDA to meet its statutory duties."

"The Committee notes that Secretary Shalala has transmitted to Congress legislative proposals that, among other things, would require FDA to annually submit to Congress a report stating progress in achieving agency-established goals regarding review of various applications and petitions. The Committee believes that compliance with the statutory duty of timely review would be an appropriate initial goal for FDA. The Committee directs the FDA, consistent with the administration's legislative proposal, to submit to the House and Senate Committees on Appropriations, as well as the House Committee on Commerce and the Senate Committee on Labor and Human Resources, within 90 days after the beginning of the fiscal year, a performance report stating the progress of FDA in complying with statutory review periods and explaining its plans and actions to perform timely, effective reviews as required under the Federal Food and Drug and Cosmetic Act."

Action to be taken

FDA is submitting a report addressing these issues under separate cover.

Item

"FDA has told this Committee that it interprets its statutory requirement to approve or disapprove a generic drug application within 180 days to mean that FDA must review and take action on such applications within 180 days. The Committee notes that FDA's interpretation does not require final agency action within 180 days, as the plain language of the statute requires. The Committee expects FDA to comply with the plain language of all statutory timeframes specified in the FFDCA."

Action to be taken

As a point of reference, FDA's interpretation of the statutory requirement, as outlined in 21 Code of Federal Regulations (CFR) § 314.100(a), establishes time frames for reviewing applications and abbreviated applications as:

> "Within 180 days of receipt of an application for a new drug under section 505(b) of the act, or of an abbreviated application for a new drug under section 505(j) of the act, or or of an application or abbreviated application for an antibiotic drug under section 507 of the Act, FDA will review it and send the applicant either an approval letter under § 314.105, or an approvable letter under § 314.110, or a not approvable letter under § 314.120. This 180-day period is called the "review clock".

(Note: As a result of the FDA Modernization Act of 1997, Section 507 no longer applies.)

This "review clock" describes the time it takes FDA's Center for Drug Evaluation and Research to review and respond to an applicant's original submission and amendments made to the submission, not the total time to approval. This review (once around the "review clock") becomes a "review cycle." The first "review cycle" is the time it takes to review and comment on the applicant's original submission. The second and subsequent "review cycles" are comprised of the time it takes to review the amendments. Based on this clarification, an action letter (approval or not approval) is issued for approximately 50 percent of the applications within the 180-day statutory requirement.

FDA has initiated several programs to improve performance, a few of which are noted below. FDA has been working with firms to increase the speed and quality of communication in general and in particular to facilitate the electronic submission of data (ESD) used to support bioequivalence studies (also referred to as the bioequivalence/bioavailability database). FDA is attempting to provide guidance to applicants and reduce or eliminate additional review cycles, thus moving applications to approval more quickly. A Manual of Policies and Procedures entitled: "Procedure for Public Release of Bioequivalence Protocols and Reviews" has been issued. Since the inception of the initiative to publicly release bioequivalence protocol reviews, 40 protocols have been issued to date (34 of which were issued in FY 1997). Making these protocols publicly available reduced the total number of protocols received from 153 in FY 1995 to 60 in FY 1997, since multiple protocols for the same drug no longer require individual review, thus freeing time for application review. These and other actions have combined to reduce the number of cycles needed to approve abbreviated applications. In FY 1997, the average application required 2.9 cycles before being approved, down from 4.0 cycles in FY 1995 and 3.7 in FY 1996.

Item

"Blood and blood product safety - The Committee understands that as a result of language included in the Committee's report accompanying the fiscal year 1997 appropriations act, the FDA initiated discussions with the National Hemophilia Foundation on concerns over the need to strengthen FDA's

safeguards to protect the integrity of the U.S. blood supply and blood products. Much still needs to be done to prevent, as well as respond rapidly and effectively, to cases of viral or pathogenic contamination of blood products. The Committee direct the FDA to move forward on: (1) defining and documenting the decisionmaking steps for initiating a blood product investigation following an adverse event and proceeding with blood product withdrawal or recall, and (2) convening a working group to improve patient notification of adverse events in blood products. The Committee believes the working group should include not only other Public Health Service entities as the Centers for Disease Control and Prevention [CDC] and the National Institutes of Health [NIH] but also the National Hemophilia Foundation, consumers and treaters, blood collectors, and blood product manufacturers. The Committee expects a progress report from FDA no later than December 1, 1997."

Action to be taken

FDA is submitting a report addressing these issues under separate cover.

Item

"*Asthma Inhalers*. - The Committee is aware that FDA has issued an advance notice of proposed rulemaking [ANPR] that would expedite the phaseout of the use of chlorofluorocarbons [CFC's] in metered-dose inhalers for asthma patients. Because of the seriousness and prevalence of asthma, particularly among children and lower income individuals, the Committee urges FDA to consider carefully all ramifications of its ANPR before proceeding further on the matter, including the relative environmental significance of CFC emissions from asthma inhalers, the effect of such action on costs to patients, its possible impacts on asthma morbidity and mortality, and the availability of feasible alternatives to CFC's for use in asthma inhalers. The Committee expects FDA to consider carefully whether the public health would be better served by a less intrusive and proscriptive approach."

Action to be taken

The production and consumption of ozone-depleting substances is being phased out world-wide under the terms of the international agreement called the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol, September 16, 1987, S. Treaty Doc. No.10, 100th Cong., 1st sess., 26 I. L. M. 1541 (1987)). The United States has secured essential-use exemptions for the use of CFCs in metered dose inhalers (MDIs) in 1996 and 1997, and has recently received exemptions for 1998 and 1999. The FDA will continue to seek essential-use exemptions until non-CFC products adequately serve the needs of patients. In anticipation of the mandated eventual elimination of CFC production, FDA is developing a strategy to ensure that the millions of patients in the United States who rely on MDIs for their health and well-being are protected and have access to an adequate array of safe and effective treatment options. To obtain the broadest possible public input from all relevant interest groups, FDA published an Advance Notice of Proposed Rulemaking (ANPR) (62 FR 10242, March 6, 1997). The proposed transition strategy outlined in the ANPR specifies that CFC-containing medical products will be considered for a phase-out only after the

following conditions are met: (1) Acceptable treatment alternatives exist for metered-dose inhalers or other drug products; (2) the alternatives are marketed for at least one year and there is patient acceptance; (3) the supply of alternative products is sufficient to ensure that there will be no drug shortages; and (4) there is no persuasive evidence that significant patient subpopulations are not being served by the alternative products.

House Report 105-178

Item

"The Committee notes the need for an on-going process of ensuring harmonization of international regulatory requirements and standards. The FDA should provide a status report on its efforts to reach world-wide harmonization."

Action to be taken

FDA is submitting a report addressing this issue under separate cover.

Item

"The Committee requests that FDA give increased attention to the incidence of Hepatitis A outbreaks in the United States and to the incidence of potential for Hepatitis A caused by the import of fresh fruit and vegetables into the United States."

Action Taken

As part of the President's Food Safety Initiative, FDA has established a Foodborne Outbreak Response Coordination Group (FORCG) to provide coordination among federal agencies as well as state and local authorities. FORCG made the Hepatitis A outbreak its first priority and on November 25, 1997, produced an evaluation of the outbreak. This evaluation noted several areas for improvement: (1) determination of distribution of the product; (2) contacts not available within agencies (i.e., USDA/Food and Consumer Service); (3) removal of implicated products from schools in a timely manner; and (4) consistent advice given by federal agencies for destruction of the product. FORCG has asked that the agencies involved review these areas for consistency and finalize a report by May 1998. As FDA enhances its ability to respond to foodborne illness outbreaks, such as the Hepatitis A outbreak, the Agency will adapt current analytical methodology for the detection of Hepatitis A to include detection of the virus in fruits and vegetables.

Item

"The Committee expects the Food and Drug Administration and the Substance Abuse and Mental Health Services Administration to cooperate and coordinate their efforts to prevent youth tobacco usage so as to avoid duplication of effort and to ensure efficient and effective use of scarce

resources."

Action to be taken

FDA has very carefully coordinated its efforts to prevent youth tobacco use with SAMHSA. Officials in SAMHSA responsible for the implementation of the Synar program have assisted and advised FDA from the very beginning of FDA's enforcement of its final tobacco rule. Guidance from SAMHSA was sought in the fall of 1996 when FDA devised its plan to implement and enforce the final rule that was scheduled to begin going into effect in February 1997. SAMHSA officials also assisted FDA throughout 1997 in its review of the first ten contract proposals FDA received from states who wanted to join in the enforcement of the Agency's final tobacco rule.

Coordination with SAMHSA will continue in FY 1998 as FDA expands the enforcement of its final rule from 10 states to all states and territories. Some state agency contractors with FDA may, in fact, be the same agency responsible for implementation of the Synar Amendment in that state. The close working relationship that FDA and SAMHSA have already forged will enable both agencies to continue to meet their responsibilities efficiently and effectively.

Description of Field Activities

FDA's field workforce, comprises about 34 percent of FDA's total staffing and performs inspections, sample collections and analyses of both domestic and imported products, and initiates enforcement actions. In addition to conducting regular surveillance over regulated products, this workforce also serves a critical response function when the Agency must respond to emergencies by immediately mobilizing to investigate reports of product problems including tampering incidents and those due to natural disasters such as hurricanes, floods and earthquakes. The field workforce is also involved in informing businesses and consumers about FDA-related topics, and in working with state and local agencies to develop programs that make the best use of Federal, state, and local resources in protecting the public health.

FDA's field force conducts investigational and laboratory functions for all of FDA's major product areas -- Foods, Human Drugs, Biologics, Animal Drugs and Feeds, and Medical Devices and Radiological Products. With a highly-trained staff versed in all of FDA's product responsibilities, the Agency can respond rapidly to various types of emergencies, and can also redirect field efforts from time to time during the year among FDA's different programs as inspection and product testing needs change.

To complement the regular field force the Office of Criminal Investigations was established during FY 1992 as part of our efforts to more effectively investigate instances of criminal activity in the regulated industries. Agents were given intensive training at the Federal Law Enforcement Training Center in Glenco, Georgia and have been assigned to several offices throughout the country.

Field facilities include Regional Offices, District Offices, laboratories, and resident posts. The five Regional Offices are staff offices which coordinate FDA activities and also coordinate with state authorities. The 21 District Offices serve as offices for investigators and compliance action staff, and are the main control point for day-to-day operations in their assigned areas. The 16 laboratories provide FDA's basic field product testing capability. A number of these laboratories serve as specialized facilities for certain types of testing and new regulatory methods development.

In addition to these facilities, FDA maintains over 130 resident posts distributed widely across the country. These are smaller offices which serve primarily as a base for investigators so that FDA can have investigative staff widely dispersed to respond to emergencies whenever they occur, as quickly as possible to minimize any potential harm.

With all of these Field facilities combined, FDA maintains offices and staff in 49 of the States, and in the District of Columbia and Puerto Rico. (A list of FDA facilities follows.)

GEOGRAPHICAL DISTRIBUTION OF FDA FACILITIES

Location	Activities
Washington, D.C. area:	
Rockville, MD	FDA Headquarters and headquarters operations of the Human Drugs, Biologics, Animal Drugs, Device and Radiological Health products programs and laboratories
Washington, D.C.	Foods program headquarters and laboratories
Bethesda, MD	Human Drugs and Biologics laboratories
Beltsville, MD	Foods and Animal Drugs Research facilities
Field Operations Facilities:	
Jefferson, AR	Arkansas Regional Laboratory
Oakland, CA	San Francisco Regional Office
Alameda, CA	San Francisco District Office and laboratory
Irvine, CA	Los Angeles District Office
Los Angeles, CA	Los Angeles District laboratory
Denver, CO	Denver District Office and laboratory (special emphasis in animal drugs residue testing)
Orlando, FL	Florida District Office
Atlanta, GA	Atlanta Regional Office, Regional laboratory, and District Office
Chicago, IL	Chicago Regional Office, District Office
Lenexa, KS	Kansas District Office and laboratory (special emphasis in pesticides and total diet analysis)
New Orleans, LA	New Orleans District Office
Stoneham, MA	New England District Office

Winchester, MA	Winchester Engineering and Analytical Center (testing of Medical Devices and Radiological Health Research products)- Testing facility for Radionuclides and Radiopharmaceutics
Baltimore, MD	Baltimore District Office and laboratory (laboratory to close in FY 1999)
Detroit, MI	Detroit District Office and laboratory
Minneapolis, MN	Minneapolis District Office and laboratory (special emphasis in microbiological testing)
Parsippany, NJ	New Jersey District Office
Brooklyn, NY	New York Regional Office, Regional laboratory and District Office
Buffalo, NY	Buffalo District Office
Cincinnati, OH	Cincinnati District Office and Forensic Chemistry Center (elemental analysis)
Philadelphia, PA	Philadelphia Regional Office, District Office, and laboratory
San Juan, PR	San Juan District Office and laboratory (special emphasis in human drugs products testing)
Nashville, TN	Nashville District Office
Dallas, TX	Dallas Regional Office, District Office, and laboratory
Bothell, WA	Seattle District Office and laboratory (special emphasis i n seafood products testing)

Other Specialized facilities:

Dauphin Island, AL	Fishery research (CFSAN)
Jefferson, AR	National Center for Toxicological Research (NCTR)
St. Louis, MO	Specialized human drugs product testing laboratory (CDER)

Statement of Purpose

The Food and Drug Administration (FDA) is the principal consumer protection agency of the Federal Government. In 1997, for the first time in history, Congress codified FDA's mission statement into law (Public Law 105-115). This new mission not only addresses the specific public health responsibilities of the Agency such as those relating to food and drug safety, but it also emphasizes the manner in which those responsibilities will be carried out, such as through collaboration with consumers, manufacturers, importers, and retailers of regulated products.

The mission of the FDA is 1) to promote the public health by promptly and efficiently reviewing clinical research and taking appropriate action on the marketing of regulated products in a timely manner; 2) with respect to such products, protect the public health by ensuring that: foods are safe, wholesome, sanitary, and properly labeled; human and veterinary drugs are safe and effective; there is reasonable assurance of the safety and effectiveness of devices intended for human use; cosmetics are safe and properly labeled, and; public health and safety are protected from electronic product radiation; 3) participate through appropriate processes with representatives of other countries to reduce the burden of regulation, harmonize regulatory requirements, and achieve appropriate reciprocal arrangements; and 4) as determined to be appropriate by the Secretary, carry out paragraphs 1) through 3) in consultation with experts in science, medicine, and public health, and in cooperation with consumers, users, manufacturers, importers, packers, distributors and retailers of regulated products. FDA accomplishes these goals through a variety of activities in areas of premarket review and postmarket assurance.

FDA's major operations reflect the strategies inherent in the laws the Agency enforces. These strategies are to :1) identify health problems associated with FDA-regulated products and assess their origin and impact; 2) grant premarket approval only to products meeting legal and regulatory standards; 3) make every effort to prevent problems that would expose the public to hazards; 4) monitor the marketplace to ensure compliance with the laws and regulations; 5) correct problems in the development and distribution of products; and 6) prosecute violators when appropriate. The laws enforced by FDA provide the legal means to accomplish these goals.

Premarket Clearance

The law requires that many health-related products undergo rigorous testing before being offered for sale. The FDA reviews manufacturers' testing methods and test results. The general nature of the test procedure and FDA's review is prescribed by the statutes but varies with the type of product and the potential hazard associated with it.

For most of the products it regulates, FDA also prescribes standards for research laboratory practices and for manufacturing practices.

Monitoring: Inspections, Investigations, Surveillance

The law recognizes the need to monitor the marketplace continuously. The statutes provide FDA the authority to inspect establishments, examine samples, and conduct investigations to ensure that product quality standards are being met at every stage of the commercial system (research and development, production, storage, and distribution.) Many potential hazards can thus be identified and corrected in time to prevent or minimize public exposure.

Compliance Activities: Correction and Penalties

Firms must correct problems identified by FDA inspectors. Unless a violation is intentional or flagrant, or constitutes a danger to health, the management of a firm is given the opportunity to correct the violation voluntarily with assistance from Agency personnel before FDA pursues regulatory action. "Reconditioning" the product can sometimes correct less severe problems -- for example, correcting violative labeling. FDA can also encourage a company to recall a violative product, or request a company to modify manufacturing processes to ensure product integrity. If necessary, the Agency can cause a violative product to be seized and destroyed.

The law acknowledges that it is sometimes necessary to punish violators. The Act provides for criminal prosecution that can lead to fines or imprisonment. A Federal court can also order seizure of a product or issue an injunction forbidding an establishment to operate until it meets pertinent regulations or good manufacturing practices.

Promulgation of Regulations

Regulations are the basic tools for achieving FDA's goal of consumer protection. FDA's regulations inform the affected industries and the public of statutory requirements and Agency procedures. They interpret the law and explain the details needed to implement the general provisions in the statutes. Regulations also describe the approval processes for many individual products or set forth required standards of product composition or performance. Most FDA regulations have the force and effect of law.

Foods

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	191,183	203,830	203,830	198,611	-5,219
Food Safety Initiative	*0*	*0*	*0*	*20,400*	*+20,400*
Fresh Produce Initiative	*0*	*0*	*0*	*25,000*	*+25,000*
FTE	2,226	2,218	2,218	1,979	-239
Food Safety Initiative				*70*	*+70*
Fresh Produce Initiative				*155*	*+155*
Proposed User Fees	0	0	0	50,106	+50,106
Premarket Reviews				*10,335*	*+10,335*
Imports				*8,640*	*+8,640*
Postmarket Surveillance				*31,131*	*+31,131*
FTE				464	+464
Program Level ($000)	191,183	203,830	203,830	248,717	+44,887
FTE	2,226	2,218	2,218	2,443	+225

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

The Foods Program has the primary responsibility for assuring that the U.S. food supply is safe, sanitary, wholesome, and honestly labeled. Since foods are susceptible to a wide variety of potentially hazardous substances including microbial pathogens, chemical residues, natural toxins, and illegal food additives, the Foods Program has an enormous responsibility that has direct implications for the health of individual consumers as well as the health and well-being of the entire Nation. FDA conducts an extensive program of premarket review of food and color additive petitions, postmarket surveillance, education and technical assistance, and research. This program plays a major role in keeping the United States food supply among the safest in the world.

Over the past several years, the Agency has continued to ensure the quality and safety of foods while dealing with the increased responsibilities of additional statutory authorities and implementing government reinvention initiatives to improve efficiency and effectiveness. During this period, the food supply has grown dramatically while new and more complex safety issues, such as emerging microbial pathogens, natural toxins, and technological innovations in production and processing have developed. FDA has continued to provide consumers with a high level of assurance regarding the safety of food products and is working diligently to continue that level of service to the American

public. In order to address the increasing complexity of food safety issues, the Agency is developing new and innovative strategies to enhance its foods program.

RATIONALE FOR BUDGET REQUEST

JUSTIFICATION OF BASE

The FY 1999 base level of resources for the Foods Program will permit FDA to continue and improve efforts to not only ensure the safety of food products through base and specific FY 1998 resources for the "Food Safety Initiative", but also continue other vitally important "non-Food Safety Initiative" activities. These non-FSI efforts include compliance monitoring and enforcement activities, reviewing food additive petitions, developing and implementing education/technical assistance programs for consumers and industry, developing and improving methods to detect hazardous contaminants, evaluating safety hazards, conducting risk assessment and surveillance activities, and participating internationally to harmonize food safety standards.

Base Activities -- Non-Food Safety Initiative

Compliance Monitoring

The largest single component within the Foods Program is compliance monitoring, which includes periodic inspections of domestic establishments, field examinations of imported products, collection and analyses of product samples, and field surveys to address specific safety/sanitation concerns. This is the primary mechanism by which the Agency is able to ensure that industry is in compliance with Federal laws, regulations, and standards governing the safety and sanitation of commercially produced foods. (See "Program Activity Data" section for details on monitoring activities.)

The performance goal for inspection and compliance activities in FY 1999 is to:

- *Assure that FDA inspections of domestic food manufacturing establishments, in conjunction with the timely correction of serious deficiencies identified in these inspections, result in a high rate of conformance (at least 90 percent) with FDA requirements by the end of the fiscal year.*

Premarket Reviews

In FY 1999, efforts will continue to improve the efficiency of the premarket review process for food and color additives. Emphasis on streamlining the food and color additive petition review process through more effective use of advanced computer and telecommunications technologies will continue. These efforts to reform the premarket approval process will result in more timely reviews of all submissions while maintaining the integrity and credibility of the review process. Major performance goals in FY 1999 for premarket reviews require that FDA:

- *Complete 30 percent of the reviews of direct food additive petitions within 360 days.*

- *Reduce the percent of Food and Color Additive Petitions under review that are overdue to 30 percent from 44 percent in FY 1997.*

- *Finalize the rulemaking creating a premarket notification process for independent GRAS determinations. The notification process will reduce the regulatory burden to industry while maintaining high safety standards.*

- *Continue cooperative research with industry on determining whether food packaging material constituents migrate to food during irradiation of packaged food.*

The FDA Modernization Act of 1997 introduces a new strategy through the Premarket Approval Process in Fiscal Year 1999. The provisions of the Act will enable FDA to improve its petition process with a faster, more efficient notification process for certain food additives. Manufacturers and suppliers of food-contact substances may submit notification to FDA prescribing the conditions under which the substance may be safely used. Unless FDA makes a determination that the substance has not been shown to be safe, the notifying party may market the substance for food-contact applications after 120 days. Currently, a manufacturer may not market a food contact substance, considered being a food additive, until FDA has reviewed a petition and issued a regulation. In FY 1999, FDA's Foods Program will be facing the new challenge of implementing the FDA Modernization Act. Because the notification process is much quicker and more predictable than the current process, and because a notification is specific to a particular notifier, the agency can expect many more notifications than we have previously received as petitions. The Agency will continue to reengineer the premarket review process while striving to maintain the timely review of food and color additive petitions.

Nutrition Labeling

FDA will continue efforts to establish regulations, policies, and standards for nutrition labeling, dietary supplements and other special nutritional products such as infant formulas and medical foods. Through science-based nutrition policies, FDA is able to provide consumers the information they need to improve their health and prevent disease by making better dietary choices. To develop the science base for its nutrition policies, the Agency will continue a variety of efforts, including research studies and the analysis of scientific and epidemiological data, to understand diet/disease relationships better. Under provisions of the Nutrition Labeling and Education Act (NLEA), efforts will continue to develop and promulgate science-based labeling policies that require nutrition labeling that is uncomplicated and which provides more accurate and useful information to consumers. The Agency will also continue to respond to safety concerns associated with the rapidly expanding use and misuse of dietary supplement products such as ephedra.

Performance goals for nutrition in FY 1999 will require FDA to:

- *Respond to all nutrient content and health claim petitions (e.g., sodium and hypertension, calcium and osteoporosis) within statutory time frames.*

- *Increase, to at least 77 percent, the proportion of people aged 18 and over who use food labels to make nutritious food selections, a slight increase over existing levels.*

- *Provide public information on adverse events by increasing the frequency of public releases of information in the Special Nutritionals Adverse Events Monitoring System (SN/AEMS) from two per year to six per year.*

International Harmonization

FDA will continue to participate in the activities of international standard setting organizations, including the General Agreement on Tariffs and Trade (GATT), the North American Free trade Agreement (NAFTA), and the Codex Alimentarius, to effectively promote the development and adoption of science-based international safety standards and control systems for foods. Acceptance and utilization of international safety standards that satisfy U.S. consumer protection goals will improve product safety and public health, reduce FDA's import inspection burden, and help facilitate the import and export of foods.

The FY 1999 performance goal for international harmonization is to:

- *Publish final regulations describing a system by which FDA will review and consider for acceptance in the U.S. those international standards adopted by the Codex Alimentarius Commission which relates to food safety and quality.*

Consumer Surveys

During FY 1999, the Foods Program will include consumer research surveys, an essential ingredient to efforts to protect consumers from potential hazards associated with foods by allowing targeting of other FSI resources, as part of that initiative. Consumer research surveys also provide data and other information on the design and development of effective regulatory and education programs in areas such as those related to food safety, food labeling, dietary supplements, infant foods, and weight loss products, all areas of the utmost importance to the Agency.

Base Activities -- Food Safety Initiative

The FY 1998 President's Budget reflected the first installment on a major government-wide effort to enhance the safety of the Nation's food supply using strategies which emphasize improved coordination of Federal, state and local response to foodborne illness outbreaks; innovative approaches to food safety research; education to promote the use of safe food handling practices; improved surveillance for foodborne illness; and improved microbial risk assessment techniques. For FDA's Foods Program, an additional $20 million has been allocated to support these activities, on top of the $100.5 million in resources already to devoted to FSI activities in FY 1997.

HACCP

To more effectively address the rapidly growing health threats posed by microbial pathogens, chemical contaminants, and other food safety hazards, FDA will continue its effort to expand the use

of Hazard Analysis and Critical Control Point (HACCP) systems in the production of foods. These efforts will include working in partnership with other Federal agencies, state and local governments, the food industry, and private sector participants. HACCP systems, which place emphasis on the prevention of food safety problems, offer a more effective and efficient way to achieve national goals related to decreasing the type and severity of the potential hazards in food and, thereby, achieve significant reductions in the incidence of foodborne diseases.

Performance goals established for HACCP in FY 1999 include the following:

- *Complete the initial verification inspections of the domestic seafood industry to ensure that adequate HACCP systems are in place and provide technical assistance as required to help firms correct deficiencies.*

- *During FY 1999, begin implementing the HACCP regulation for the juice industry, including providing training, technical assistance and guidance to industry and states.*

Coverage of Segments of the Food Industry

Through cooperative relationships with state and local governments on milk, shellfish, and retail food safety, FDA will be able to leverage its resources and thereby expand its coverage of the nation's food supply. These relationships provide coverage for approximately 126,000 Grade "A" milk farms and 770 milk pasteurization plants, approximately 2,000 shellfish processor and shipper establishments, 850 shellfish growing areas, more than 785,000 commercial and institutional establishments, 128,000 grocery and convenience stores, and more than 1.5 million vending sites.

In FY 1999, FDA will continue to work through these jointly sponsored programs to set national safety standards and provide the training and technical assistance to ensure uniformity among milk, shellfish, and retail foods programs throughout the nation. The following performance goals have been established for these activities:

- *Implement procedures for incorporating audits of state HACCP inspections for shellfish processors as part of FDA's evaluation of state programs under the National Shellfish Sanitation Program (NSSP).*

- *Develop a new system to monitor state and federal inspections and testing required for Grade "A" milk.*

- *Provide training, technical assistance and other support, including HACCP principles, required to improve the uniformity of safety and sanitation standards in the Retail Food, Shellfish Safety, and Interstate Travel programs.*

Research

Under the Food Safety Initiative, a major emphasis for FY 1999 will be to continue the expanded food science research and related activities required to help FDA maintain a regulatory program that more effectively addresses existing and emerging food safety issues. A key component of the strategy for achieving this objective will be continued efforts to develop and implement collaborative research programs that involve other Federal agencies, academia, and industry. Such ventures include research programs at the Joint Institute for Food Safety and Applied Nutrition (JIFSAN) operated under a cooperative agreement with the University of Maryland, the National Center for Food Safety and Technology at the Illinois Institute of Technology's Moffet Center in Chicago, and the molecular and marine biology research at the Columbus Center in Baltimore. In today's environment, such collaborative arrangements are critical since no one entity (either industry, government, or academia) can totally conduct the research required to generate the knowledge bases or expertise to ensure the continued safety and wholesomeness of the food supply.

In FY 1999, under its collaborative research arrangements, FDA will pursue several performance goals related to building the food science base necessary to develop regulatory programs to address 21st Century food safety issues effectively. These goals include:

- *Expand collaborative development of rapid methods for the detection of microbial pathogens, chemical contaminants and natural toxins at JIFSAN.*

- *Continue research to develop state-of-the-art molecular biological methods for the detection of microbial pathogens such as E. coli 0157:H7 and Vibrio vulnificus.*

- *Complete focused research studies on the effects of processing and packaging on food substances, such as natural toxins, being conducted at the National Center for Food Safety and Technology.*

- *Work through the Risk Assessment Consortium (based at JIFSAN) to identify critical research needs, propose research on analytical methods, and establish a consensus on priorities based on the greatest potential to reduce foodborne illness.*

Education

Through its education and technical assistance activities, FDA is able to develop and implement cost-effective strategies for providing consumers and industry information required to reduce the risk of illness from foodborne infections. In FY 1999, FDA will continue efforts to design and implement innovative methods to more effectively deliver food safety messages to retail food operations (especially institutional service operations such as hospitals, nursing homes and day care centers where a large percentage of food-related infections occur), and directly to vulnerable

populations. These education programs will provide information required to identify and change unsafe food preparation and handling behaviors that can lead to foodborne infectious diseases.

The food safety education performance goal for FY 1999 is to:

- *Implement a major food safety educational campaign based on the key messages of the Partnership for Food Safety Education and tailored to target populations. Key activities will focus on reducing the prevalence of reported risky food consumption behavior, reducing the prevalence of reported risky food preparation/handling practices, and increasing the percentage of people who reported using thermometers to assure the safety of foods during cooking. FDA will attempt to improve upon figures yet-to-be-determined which will be obtained through the FDA FY 1998 Consumer Survey. However, it is anticipated that these percentages are currently quite low and that there is tremendous room for improvement.*

In order to fund both of these FSI and non-FSI base activities, the Foods Program has redirected, streamlined, and reduced some lower-priority activities. FDA will:

- Reduce activities related to the regulation of cosmetic products, such as adverse reaction reporting and evaluation, research to develop and evaluate analytical methods, and compliance monitoring and related activities. FDA will still maintain resources in this area to respond to public health emergencies, but the bulk of the funding and FTEs will be redirected to other activities.

- Not be able to reverse the decline in compliance monitoring (outside of HACCP inspections for seafood) of domestic food processors for safety problems.

- Not be able to maintain the food science base required to effectively respond to the full range of potentially hazardous substances which may be found in foods. There will be a significant reduction in work devoted to toxicology, nutrition, pesticides, and natural toxins.

- Not be able to continue providing additional staff resources to work on food additive petitions in order to reduce the time for reviews and achieve further reductions in the existing inventory at the rate experienced over the past two years.

INCREASES

Food Safety Initiative

Given the increasing complexity of food safety challenges and the growing need for FDA to respond to new foodborne safety hazards, including emerging pathogens, the impetus for this initiative comes from the increasing numbers of foodborne illnesses associated with microbial contamination of food. While America's food supply is one of the safest in the world, estimates still indicate that every year 6.5 to 33 million Americans become ill, and as many as 9,000 die as a result of infections caused by

foodborne pathogens. Thus, much more needs to be done to reduce the incidence of illnesses and deaths.

In order for this nation to deliver on the agreed-upon goals related to improving the health and the well-being of its citizens, food safety programs and public health systems at all levels of government must be able to respond effectively to potential health threats posed by emerging pathogens, as well as by natural plant and marine toxins, hazardous dietary supplements, macro and novel food ingredients, and antimicrobial resistance of pathogens. Current food safety and public health systems, which were designed in the early part of this century, are not capable of responding with the speed and coordination needed to significantly limit the toll foodborne illnesses take annually on consumers and the economy. Several specific factors identified in the Food Safety Initiative report mitigate against more effective, rapid responses to foodborne illnesses given the current system and existing resource levels:

- Food scientists have a limited understanding of some foodborne pathogens, especially emerging ones; information on the infectious dose of foodborne pathogens in many cases is unknown.

- The Nation's public health systems have limited means to rapidly identify and track the causes of foodborne illnesses.

- Federal, state, and local governments need to improve coordination for effective and quicker responses to outbreaks of illnesses.

- Most non-meat manufacturing / processing plants receive infrequent inspections from FDA.

- The quantities of imported food flowing into this country is increasing to such an extent that FDA has been unable to maintain its previously existing levels of coverage.

- Food processors, restaurants, supermarket managers, and consumers often lack basic understanding of the threat posed by foodborne contaminants and how to protect against them.

The FY 1998 Food Safety Initiative cited critical elements of a comprehensive and more effectively coordinated nationwide program required to improve the safety of the food supply and, thereby, reduce the possibility that consumers will suffer the adverse health and economic consequences of foodborne infections. Key first-step components of this interagency initiative included the following activities:

- Enhance "early warning" and surveillance systems to help detect and respond to foodborne illness outbreaks, and to provide the data needed to prevent future outbreaks.

- Achieve better coordination of foodborne disease outbreaks including electronic communication and data exchange among Federal, state, and local health authorities.

- Develop and implement strategies to provide greater assurance of the safety of foods including HACCP and other food safety assurance systems and enhanced inspection coverage of food processors and imported foods.

- Expand food safety education and training particularly for retail and food service processors, restauranteurs, and consumers, to thoroughly acquaint them with the latest safe food processing, storage, and handling techniques.

- Develop more effective methods for detecting, controlling, and preventing foodborne hazards.

- Improve risk assessment methods for foodborne pathogens to help regulators better characterize the nature and size of risk to humans and make decisions on how to best allocate resources to control the hazards.

Fresh Produce Initiative

During FY 1998, a number of Federal agencies including FDA, USDA, CDC and EPA will work to more effectively address rapidly growing safety concerns related specifically to imported and domestic fresh produce. Over the past several years, several foodborne outbreaks have been associated with the consumption of fresh fruits and vegetables or fruit and vegetable products. These included outbreaks linked to *Cyclospora* contamination of raspberries imported from Guatemala, and domestically-produced apple juice contaminated with *E. coli* 0157:H7. Also, *Salmonella* contamination has been found on melons and other produce.

FDA is particularly concerned about the safety of produce. One concern is the extremely low rate of monitoring provided annually for these products. In FY 1996, approximately 430,000 entries of fresh produce were offered for entry into the U.S. FDA examined about 0.2 percent of these entries for pathogen contamination. The potential risks associated with these imports is becoming clearer. That, coupled with health conscious consumers trying to take advantage of the scientifically established dietary benefits of fresh produce, is expected to increase the importation of fresh fruits and vegetables. Current estimates indicate that there will be a 33 percent increase in the importation of these products between now and FY 2002. It is clear that to ensure the continued safety of these foods, FDA needs to expand their presence in terms of inspecting imported fresh produce.

The President's Initiative to Ensure the Safety of Imported and Domestic Fruits and Vegetables is a new initiative which seeks to expand the scope and focus of the original FSI to include strategies which will provide for increased and more effective oversight of fresh produce. Under this initiative FDA is working with USDA and the agricultural community to develop Good Manufacturing Practices (GMP) and Good Agricultural Practices (GAP) guidance for producers, domestic as well as foreign. FDA is also accelerating research to develop: detection and intervention/prevention

techniques; education and technical assistance programs to promote adoption of the guidance; and appropriate specific guidance. The President directed that a legislative proposal be developed to expand FDA's authority over imported foods to equal that already provided to USDA. Briefly, the resources requested for this new initiative will allow the Agency to develop this legislative authority; promote voluntary GAP/GMP guidance through education and technical assistance to domestic and foreign producers; and evaluate growing, harvesting, and production practices overseas.

Total Food Safety Initiatives ($45.4 million, 225 FTEs)

In FY 1999, the Foods Program will expand its overall activities in six major areas to address the food safety issues identified in the original Food Safety Initiative and the more recently developed Fresh Produce Initiative. These areas include surveillance, coordination, inspections and compliance, education, research, and risk assessment.

Surveillance -- $.5 million

Goal: Expand a national "early-warning" and surveillance system to help detect and respond to outbreaks of foodborne illness earlier and provide data needed to help prevent future outbreaks.

Improved surveillance is a key component of the "early warning" system for foodborne disease. Surveillance protocols and activities provide the basis for: establishing better techniques and strategies to detect and track the magnitude of foodborne disease outbreaks; sharing information and providing exposure assessment data for risk management decision makers, and monitoring the success of prevention, control, and education programs.

FY 1999 Activities:

- Support sentinel sites project (FoodNet) to provide for appropriate geographic diversity covered by the network, and cover a greater spectrum of new and re-emerging pathogens including parasites and viruses that can be transmitted through foods.

- Enhance microbiologic monitoring and surveillance activities related to pathogen reduction under HACCP.

- Work with the Centers for Disease Control and Prevention (CDC) and other federal agencies to develop baseline surveillance data on foodborne illnesses required to evaluate the effectiveness of, set better priorities for and determine appropriate outcomes for the FSI.

Coordination -- $.2 million

Goal: Enhance the level of public health protection by improving coordination between state and Federal agencies responsible for responding to foodborne disease outbreaks.

Improved coordination between Federal, state and local agencies is essential to the efforts to more effectively manage and respond to interstate foodborne illness outbreaks. FDA will increase its efforts to work with other Federal agencies to implement systems and procedures that will ensure more coordinated and rapid responses to foodborne illness outbreaks. Reducing the response time to illness outbreaks could significantly reduce the magnitude of the adverse health and economic impacts of food-related health emergencies. Enhanced coordination will result in an increased ability to leverage resources and gain experience from other agencies and to eliminate duplication of effort.

FY 1999 Activities:

- Continue to work with other Federal agencies to expand assistance to states and local governments in developing the infrastructure necessary to ensure proper detection, evaluation, and coordination in response to foodborne outbreaks.

- Develop standard operating procedures (SOPs) for sharing information and data among agencies and with the public on foodborne illness outbreaks.

Inspections and Compliance -- $27.0 million

Goal: Develop and implement more efficient and effective procedures for monitoring the nation's food supply.

This request will provide an additional $27.0 million to enhance FDA's coverage of the food supply. Inspection coverage for both domestic and imported food products has declined significantly over the past decade. Domestic establishment inspections have declined from approximately 21,000 annually in the early 1980s to around 5,000 in recent years. At the current inspection level, FDA visits a food establishment on an average of once every 10 years. The number of inspections conducted by states under contract to FDA has also declined from 12,000 in 1985 to approximately 5,000 today.

In addition, the globalization of the food supply has resulted in dramatic increases in imported foods over the past decade. During the period between FY 1991 to FY 1996, the number of imported food entries went from 1.1 million to 2.2 million per year -- an increase of 100 percent. Without commensurate resources to keep pace with this increase, the level of coverage of imported foods dropped from about seven percent in FY 1991 to three percent in FY 1996. The level of coverage for imported fresh fruits and vegetables, which is approximately 0.2 percent, is much lower than the overall coverage of imported food products and is expected to decline as the number of imports continues to increase.

With the additional resources, FDA will work to further enhance its ability to more efficiently and effectively monitor the food supply and food production practices. Emphasis will be on expanding implementation of HACCP and other food safety assurance systems in the food industry; working with USDA to achieve greater coordination on establishment and transportation inspections; increasing the number of Federal-state inspection partnerships; and expanding efforts to certify private laboratories to conduct food-related analyses.

In addition, FDA will work to significantly enhance the safety of fresh produce through the development of GMPs and GAPs, targeted sampling and analysis of these products; and developing and implementing a program targeted to foreign producers.

FY 1999 Activities:

- FDA will expand implementation of HACCP in appropriate segments of the food industry. This will include expanded efforts to verify the implementation of the seafood HACCP regulation; and to implement HACCP systems in the juice industry, including providing training, technical assistance, and guidance to industry and states.

- FDA will work with USDA to expand efforts to enhance the safety of foods by working to achieve adoption of the Food Code by 25 percent of the states.

- Work with other Federal agencies, including USDA, CDC, EPA and OSHA, to implement strategies to improve the safety of fresh produce. FDA will:

    - Increase the percentage of domestic produce produced consistent with voluntary GAP/GMP broadscope guidance to reduce microbial contamination.

    - Evaluate fresh fruit and vegetable production in areas in the U.S. and foreign countries where there is evidence that a potential public health hazard exists and GAP/GMP guidance has not been adopted.

    - Monitor and evaluate effectiveness of voluntary GAP/GMP guidance based on an initial survey of current practices.

- Undertake other efforts to enhance general coverage of imported food products. This will include:

    - Increase coverage of imported products by expanding laboratory certification.

    - Reviewing and evaluating ways to increase coverage of imports through such means as increased personnel, increased partnerships, and innovative information sharing with the states.

Education -- $3.0 million

Goal: Reduce the potential for foodborne illnesses by using new and innovative education and information sharing strategies for improving food handling practices of consumers and retail food service establishments.

Data on consumer and food handler practices indicate that most foodborne illnesses occur in the home or are caused by food prepared and consumed at food service/retail establishments. Therefore, innovative food safety education programs offer an efficient and cost-effective means to reduce the potential for foodborne illness by changing unsafe food handling behaviors in the home and in retail food establishments. Using the concepts set forth in the Food Code, FDA will work with other Federal agencies and states to implement a national education program to ensure greater safety in food handling practices by consumers and all segments of the retail food industry. In FY 1999, education activities will be coordinated with USDA and CDC, as in FYs 1997 and 1998.

FY 1999 Activities:

- Identify barriers to safe food handling which can help guide the design of more effective training programs and materials related to food safety.

- Expand the FSI education campaign through partnerships and alliances.

- Work with USDA to improve the ability to provide education/training to the transportation industry on the safe transport of foods.

- Work with USDA to initiate multilingual education programs for food service workers.

- Cooperate with USDA in evaluating the effectiveness of the messages developed within the public-private partnership in FY 1998. We will make program modifications based on research outcomes. Further research by FDA, CDC, FSIS and CSREES will provide information about the barriers to message comprehension and behavioral change.

- The agencies will expand participation in umbrella alliances of consumer educators and retail educators, including those in the food transportation area and food processing areas. Alliances of educators will allow easier information exchange, thereby avoiding duplication of effort. The use of distance learning mechanisms, will allow information to be disseminated rapidly.

- Develop/implement technical assistance and education/outreach programs appropriate for foreign and domestic industry to provide them with information about the GAP/GMP guidance and promote its adoption. This will be done with USDA and representatives of foreign governments and industry, international organizations, and domestic federal and state agencies and industry.

- Plan and convene a national food safety scientific and education conference to share current scientific and educational information on fresh produce, to familiarize scientific experts and extension professionals with the guidance document, and to discuss methods.

Research -- $8.5 million

Goal: Develop new and improved methods for more rapidly and accurately detecting and characterizing foodborne hazards; for evaluating the effectiveness of surveillance initiatives; and for establishing more effective strategies to control and prevent foodborne hazards.

Additional research is needed to fill critical gaps in FDA's food science capability and allow for better targeting of resources. More rapid and accurate analytical methods are needed for parasites, and bacterial and viral agents that are difficult to detect in foods such as fresh produce. An enhanced analytical method capability is crucial to efforts to evaluate the effectiveness of HACCP systems and to identify and assess the health implication of some bacterial agents encountered in imported products. In addition, research is needed to develop science-based guidance and regulation, as well as prevention techniques for pathogen avoidance, reduction, and elimination, especially in fresh produce and seafood.

FY 1999 activities to be accomplished through coordinated efforts with other Federal agencies, especially ARS, are to implement a multi-year research plan that will:

- Develop and improve methods for the detection of microbial contaminants in foods, particularly produce.

- Develop intervention/prevention technologies to eliminate contamination of foods.

- Develop methods to prevent or control the growth of pathogenic organisms.

- Understand the development of microbial resistance to traditional food preservation techniques and develop new techniques for eliminating pathogens in foods, especially on fresh produce.

- Understand the evolution of antibiotic resistance in pathogens and develop prevention techniques.

- Develop criteria for evaluating the efficacy and safety of new intervention technologies.

- Accelerate research in the above areas related to fresh produce.

Risk Assessment -- $6.2 million

Goal: Improve the capability to estimate risks associated with foodborne contaminants, especially microbial pathogens, in order to make faster and more accurate regulatory decisions; more effectively target program resources; and facilitate the development and evaluation of the most effective surveillance plans and risk reduction strategies.

Risk assessments characterize the nature and size of the risk to human health associated with hazards, and make clear the degree of scientific certainty of the data and the assumptions used to develop the estimates. Risk assessment techniques for foodborne pathogens are relatively new. Research is required to develop, test, and validate microbial risk assessment and foodborne illness valuation methods. These efforts will help increase the effectiveness and efficiency of regulatory programs by providing the information needed to improve surveillance strategies, develop better prevention strategies, and establish stronger inspection models.

FY 1999 Activities:

- Work through the Risk Assessment Consortium (based at JIFSAN) to identify critical research needs; to propose effective research on analytical methods; and to reach a consensus on the priority of these needs based on their potential to reduce the uncertainty of risk management decisions in food safety and to provide the greatest potential to reduce foodborne illness.

- Develop modeling techniques for assessing human exposure to a variety of foodborne contaminants, such as emerging pathogens.

- Develop appropriate animal models for determining whether threshold or non-threshold models for infectivity are more appropriate for describing low dose infectivity rates for infectious and toxicoinfectious microorganisms.

- Conduct studies into the identification of biomarkers of susceptibility, chronic sequelae, microbiological toxicokinetics, and infectious dose.

- Conduct meetings and symposia in conjunction with national scientific organizations (i.e., NAS and FASEB) to assess state-of-the-art risk assessment methodologies to include techniques for assessing exposure and dose response.

Food Safety Initiative Component	Dollars in Millions	FTEs
Surveillance	$0.5	4
Coordination	$0.2	2
Inspections & Compliance	$27.0	155
Education	$3.0	10
Research	$8.5	41
Risk Assessment	$6.2	13
Total Foods Program	$45.4	225

FOODS
Program Activity Data

Program Workload and Outputs	1997 Actual	1998 Estimate	1999 Request
Food and Color Additive Review:			
Food and Color Additive Petitions Completed	60	66	30%[1]
Threshold of Regulation Petitions	31	60	30[1,2]
Overdue Food and Color Additive Petitions			
% of Food & Color Additive Petitions Under Review That Are Overdue	63 44%	48 38%	30 30%
Food Safety Assurance:			
FDA Direct Inspections	5,700	3,500	3,500
Federal/State Contract Inspections	4,900	4,600	4,600
Seafood HACCP Inspections[3]	---	3,900	3,900
Inspections of Seafood Importers[4]	---	1,600	1,600
Samples Analyzed			
Domestic	12,300	9,000	9,000
Import	16,400	15,500	16,500[5]
Import Sample Collections	21,900	18,000	19,000
Other:			
Cosmetics[6]	120	60	0
Inspections			
Samples Analyzed	70	35	0
Domestic	180	90	0
Imports			

1/ Based on current levels of incoming work. The Agency is currently committed to decreasing its petition inventory to a manageable level and to measuring performance based on timeliness rather than counted outputs as part of its compliance with GPRA. "Food and Color Additive Petitions Completed" figure is based upon 360 days and "Threshold of Regulation Policy" is based upon 120 days.

2/ With the Modernization Act, we expect to receive fewer threshold of regulation petitions and more notifications.

3/ This number represents about 2,700 initial inspections of domestic seafood processors, and 1,200 follow-up inspections. FDA anticipates low compliance among domestic seafood processors, necessitating follow-up inspections.

4/ These inspections will be conducted to determine whether seafood importer's documentation proves compliance with HACCP verification procedures.

5/ Includes analysis of an additional 1,000 fresh produce samples.
6/ Cosmetics monitoring is phased out in FYs 1998 and 1999. FDA will continue its activities at the center level.

Human Drugs

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA					
($000)	201,079	199,108	199,108	178,331	-20,777
FTE	2,069	2,094	2,094	1,905	-189
User Fees: Reauthorized					
PDUFA ($000)	53,336	65,916	84,648	91,675	+7,027
FTE	446	467	467	570	+103
Proposed					
($000)	0	0	0	19,393	+19,393
FTE	0	0	0	180	+180
Program Level ($000)	254,415	265,024	283,756	289,398	+5,643
FTE	2,515	2,561	2,561	2,655	+94

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

The mission of FDA's Human Drugs Program is to assure that safe and effective drugs are available to the American people. The public relies upon FDA to ensure that the benefits of the medicines they use outweigh their risks. The Agency is also expected to ensure consumers the opportunity to benefit from new, often better, products as rapidly as possible without sacrificing scientific scrutiny. The FDA faces many challenges: keeping pace with medical and scientific breakthroughs; an ever-expanding workload; evolving expectations of consumer and health professional access to health and drug information; and the globalization of manufacturing, trade, and consumption. Equally challenging is the need to be innovative and to work collaboratively with the pharmaceutical industry, consumers and academia, as well as other Federal, state, local and foreign governments, to continue to improve the Agency's efficiency and effectiveness.

FDA's Human Drugs Program includes oversight of clinical drug development through review of investigational new drug applications (INDs); evaluation of marketing applications for new and generic drugs; establishing and monitoring standards for use, labeling and composition of both prescription and over-the-counter (OTC) drugs; monitoring the quality and safety of products manufactured in, or imported into, the United States; regulating the advertising and promotion of prescription drugs; developing and maintaining the management and information systems capability necessary to achieve greater efficiency and effectiveness of operations; and promoting informational

and educational programs addressing both medical and consumer interests. FDA's overall strategies to achieve the goals of the Human Drugs Program are to:

1) Decrease drug development and review times while increasing the quality of scientific information learned from clinical trials;

2) Continue to convert from a paper intensive application process to an electronic submission and review system including the implementation of the entry validation application (EVA) for electronic submission and review of bioequivalence and Chemical Manufacturing Coordinating Committee (CMCC) data for new drug applications (NDAs) and abbreviated new drug applications (ANDAs);

3) Evaluate the availability, quality and usefulness of prescription drug information provided to individuals receiving new prescriptions;

4) Enhance postmarket surveillance, partly by implementing electronic receipt and review of adverse drug event (ADR) reporting under the Adverse Event Reporting System (AERS);

5) Increase ability to provide manufacturing quality assurance; and

6) Maximize external collaboration and cooperation with the pharmaceutical industry, consumers, academia, and other governmental organizations.

RATIONALE FOR BUDGET REQUEST

Justification of Base

Premarket Review: New Drugs

Premarket review plays a critical role in assuring that the benefits of drug products used for the prevention, diagnosis, and treatment of disease outweigh their known risks. FDA is required to evaluate all new drugs for safety and effectiveness prior to approval for marketing. The prompt evaluation of new drugs is vital to the public health. One of the Agency's highest priorities is the continued high-quality, timely review of an increasing number of new drug premarket and supplemental applications. The Agency has implemented numerous initiatives to improve efficiency and streamline premarket drug review without sacrificing the quality of that oversight.

Goal: Review and act on 90 percent of standard new drug applications (NDAs), filed within 12 months after receipt (30 percent within 10 months of receipt); and priority applications within 6 months.

Goal: Review and act on 90 percent of complete NDA applications resubmitted following receipt of a non-approval letter, within 6 months after resubmission date.

Goal: Review and act upon 90 percent of standard efficacy supplements within 12 months (30 percent within 10 months of receipt) and priority efficacy supplements filed within 6 months of receipt.

Goal: Review and act upon 90 percent of manufacturing supplements within 6 months and act on 30 percent of manufacturing supplements requiring prior approval within 4 months.

Prescription Drug User Fee Act of 1992 (PDUFA) -- PDUFA authorizes revenues from fees paid by the pharmaceutical industry to expedite the review of human drug applications. PDUFA performance goals require the prompt review of original NDAs, resubmitted original NDAs, efficacy supplements and manufacturing supplements. These performance goals also require the elimination of the overdue backlogs of NDAs, efficacy supplements and manufacturing supplements. Under PDUFA, performance goals are required to be met for each of the fiscal year submission cohorts, which is defined as the group of submissions filed with FDA during a particular fiscal year. With each passing year, the review performance goals have become more stringent.

The success of this effort was recognized with two awards, an "Innovations in American Government Award" from the Ford Foundation and Harvard University's John F. Kennedy School of Government, and the Vice President's Hammer Award. PDUFA has been so successful that Congress reauthorized PDUFA for another five years with the FDA Modernization Act of 1997. FDA will use the increased PDUFA resources to help meet more stringent performance goals with growing workload requirements. Specific discussion of these goals are in the "Increases" section.

Other significant activities in the premarket review of new drugs include continued vigilant pre-approval inspectional programs to assure compliance with good manufacturing practices and good preclinical and clinical practices in investigational new drug studies. Important initiatives designed to shorten total drug development and review times include:

- Improving patient access to new cancer therapies by shortening approval times for cancer treatments. Additionally, we are continuing to work with industry to make promising cancer therapies approved by foreign countries available to patients prior to approval in the U.S.

- Implementation of FDA's New Use Initiative will help new drug sponsors establish proof of product effectiveness without unnecessary studies. "Providing Clinical Evidence of Effectiveness for Human Drug and Biological Products," is designed to help sponsors target drug development efforts and improve the consistency and predictability of FDA's assessment of clinical trial data on drug effectiveness.

- Continuing the implementation of Good Review Practices designed to standardize many clinical review procedures and provide a mechanism for ongoing feedback.

Premarket Review: Generic Drugs

FDA supports an active generic drugs program, working to expand the supply of high-quality generic drug products. We have decreased the number of over-due applications, while receiving new applications at an ever-increasing rate. Several initiatives have enhanced FDA's performance in the review of generic drugs.

Goal: Review and act upon 60 percent of fileable original generic drug applications within 6 months after submission date.

- Instrumental in this goal is FDA's initiating a procedure to contact applicants that undergo two or more review cycles with major deficiencies noted in the application. FDA is working to reduce or completely eliminate additional review cycles thereby moving applications to approval more quickly.

- Public release of bioequivalence protocols and protocol reviews should reduce the number of protocols submitted for review, facilitating additional application review. Proactive development of Biopharmaceutic Guidances for drugs, predicted to be the subject of multiple generic applications submissions, should potentially reduce review time.

- Facilitation of electronic submission of data (ESD) used to support bioequivalence studies, allowing raw data to be accessed for further analysis. This would assist reviewers in completing reviews by use of efficient tools and query functions.

Over-the-Counter (OTC) Drugs Program

In addition to prescription drugs, FDA continues to regulate over 100,000 OTC drugs. Review of OTC products ensures ingredient safety and effectiveness and provides information for consumers to understand how best to use these products.

Postmarket Surveillance

An integral part of FDA's mission is to assess and manage risks from drugs for the life of the product. Through postmarket surveillance, we monitor and assess performance of approved products to detect safety problems that only become evident with actual use.

Goal: Assure the FDA inspections of domestic drug manufacturing and repacking establishments in conjunction with the timely correction of serious deficiencies identified in these inspections, result in a high rate of conformance (at least 90 percent) with FDA requirements by the end of the fiscal year.

Goal: Implement the Adverse Events Reporting System (AERS) for electronic receipt and review of voluntary and mandatory ADE reports.

FDA strategy includes:

- Conducting and overseeing surveillance programs to collect and evaluate adverse effects and use trends of marketed products, and re-engineering these programs to facilitate industry reporting. These programs include implementing AERS for electronic receipt and review of adverse drug event (ADE) reports by the end of FY 1999, the Drug Quality Reporting System (DQRS), the Spontaneous Reporting System (SRS), the Medical Products Reporting Program (MedWatch), and the Expedited Reporting Information System (MEDEX). FDA also plans to use extramural cooperative agreements to gain access to other drug exposure and adverse event outcome information for explanation and confirmation of risks associated with marketed drugs. Examples of this include working with the World Health Organization and foreign regulatory agencies.

Manufacturing quality assurance (compliance) initiatives separate from Postmarket Surveillance include:

- Monitoring the quality of marketed drug products through the surveillance and inspections of manufacturing establishments to ensure compliance with GMPs; collecting and analyzing drug and drug product samples to assess their compliance with quality standards and labeling requirements; and removing violative and unsafe products from the market and supporting enforcement and surveillance activities with strong science.

- Maintaining the integrity of the prescription drug distribution system from the diversion of marketed prescription drug products and samples.

Internal Capacity Building

Technological advances, new management models, increased customer expectations, program scrutiny, and government streamlining are among the many factors that have brought about far

reaching changes in the Agency. Continued performance improvement relies upon enhancing the Agency's internal capacity, reinforcing the infrastructure and improving the management of all of our resources and processes. This includes developing and implementing a plan to integrate new information management and technology into all activities.

Goal: Continue to achieve capability and capacity for electronic submission and archiving of information required to submit new drug applications (NDAs), abbreviated new drug applications (ANDAs) and abbreviated antibiotic drug applications (AADAs) without paper copy.

In addition to implementing a strategic plan for integration of information technology, important initiatives in this area include:

- Implementing both the Electronic Freedom of Information Act (EFOIA) of 1996 by providing documents electronically when possible and enhancing public access to Agency records and information; and the "Electronic Records; Electronic Signatures" rule, effective August 20, 1997, allowing FDA to accept electronic submissions without a paper copy.

- Implementing a pilot program to accept and archive NDAs and ANDAs electronically. This involves developing a flowchart for automating submissions and completing implementation guidances required for prioritized electronic submissions.

- Implementing the Agency-wide Establishment Evaluation System (EES) for the electronic tracking of requests from the Center to FDA field offices to conduct inspections of manufacturing facilities cited in NDAs and ANDAs, and for the electronic submission of inspection results back to the Center, and exploring expansion of the EES to track bioresearch monitoring inspections by the field and to provide quick feedback.

- Developing and piloting the Export Certificate Program, and continuing the Administrative Management of Files (AMF) project, improving systems for storage, routing, tracking and retrieval of documents generated in new drug reviews.

External Leverage

The Agency has long recognized the need to develop partnerships with Federal, state, and local governmental entities, foreign governments, the pharmaceutical industry, academia and consumers.

Goal: FDA will (a) evaluate the availability, quality and usefulness of prescription drug information provided to 75 percent of individuals receiving new prescriptions; and (b) complete two studies that will aid in development of comprehensive drug information.

Goal: FDA will continue to improve the legibility and clarity of OTC drug labels, improve the consumer's ability to read and understand important warnings and usage directions.

FDA is increasing the collaborations and partnerships in a number of areas, and plans to:

- Explore more effective means of sharing regulatory information about FDA inspected manufacturers through contract, cooperative agreement or Memorandum of Understanding (MOU) with foreign governments. One means involves increased use of the Compliance Status Information System (COMSTAT) database, one of the first significant international efforts to exchange GMP information. Canadian, Australian and Danish governments have direct read-only access to an edited COMSTAT database. Each uses this information to determine which drug firms may ship products to their countries. Additionally, cooperative agreements have been reached with the Russian Federation and Belarus. Negotiations are in process with Ukraine. FDA also plans to provide information, training and other assistance to foreign regulatory agencies, and support the development of the Mutual Recognition Agreement with the European Union and the Canadian/U.S. MOU update.

- Participate in discussions and negotiations with trading partners or trade-related organizations to develop a consensus on technical regulations and standards and/or determining the equivalence of regulatory systems. FDA will participate as technical experts at international, scientific and regulatory meetings, and harmonize technical standards for efficient drug development and evaluation through participation on the International Conference on Harmonization.

- Develop and implement the pilot for the First Party Audit Program to leverage the inspectional resources required to ensure the quality and purity of drug products.

- Ensure the availability, quality and usefulness of prescription drug information provided to at least 75 percent of individuals receiving new prescriptions and completing two studies that will aid in development of comprehensive drug information.

INCREASES

Prescription Drug User Fee Act of 1992 (PDUFA) $7.0 million, 103 FTE

In FY 1999, the budget request includes a total of 570 FTE and $91,675,000 in the Human Drugs program, and reflects an increase of 103 FTE and $7,027,000. The total PDUFA request for FY 1999 is 820 FTE and $132,273,000. The revenues generated from the fees paid by the pharmaceutical and biological prescription drug industries will be dedicated to continuing to improve and expedite the prescription drug application review and approval process.

Percentage of Submissions Filed in Each Fiscal Year to be Reviewed and Acted Upon

Type of Submission	Goal in FY 1998	Goal in FY 1999
Standard original NDAs and standard efficacy supplements	90% w/in 12 mo	90% total w/in 12 mo, and 30% w/in 10 mo
Priority original NDAs and priority efficacy supplements	90% w/in 6 mo	90% w/in 6 mo
Manufacturing supplements	90% w/in 6 mo	90% total w/in 6 mo, and 30% w/in 4 mo
Resubmitted original applications, Class 1 Class 2	90% w/in 6 mo, and 30% w/in 2 mo 90% w/in 6 mo	90% w/in 4 mo, and 50% w/in 2 mo 90% w/in 6 mo

New Molecular Entities (NMEs)

The performance goals for standard and priority original NMEs in each submission cohort will be the same as for all of the original NDAs (including NMEs) but will be reported separately.

Meeting Management, Clinical Holds, Dispute Resolution, Special Protocols, Electronic Submission Goals for FY 1999

Goals listed are for FY 1999, but each becomes more stringent in subsequent years.

Goal: Respond in writing to acceptable industry requests for formal meetings with details for the earliest possible date, consistent with the type of meeting requested, within 14 days for 70 percent of requests in FY 1999.

Goal: Prepare minutes of meetings to be available to the sponsor within 30 calendar days for 70 percent of meetings starting in FY 1999.

Goal: FDA should respond to a sponsor's complete response to a clinical hold within 30 days of receipt for 75 percent of responses received in FY 1998 and 90 percent in subsequent years.

Goal: Respond to written appeals of procedural or scientific disputes that cannot be resolved at the division level within 30 days of receipt in 70 percent of cases in FY 1999.

Goal: Evaluate certain protocols and issues to assess the adequacy of the design, conduct and analysis to meet scientific and regulatory requirements as identified by the

sponsor for evaluation. FDA will provide a written response within 45 days of receipt of the protocol and specific questions for 60 percent of requests, starting in FY 1999.

Goal: Develop and update FDA's information management infrastructure to allow, by FY 2002, the paperless processing of applications as defined in PDUFA and related submissions.

PDUFA SUPPLEMENTAL REQUEST FOR FY 1998

A FY 1998 Supplemental of $25,918,000 is requested for the Prescription Drug User Fee Act of 1992, reauthorized by the Food and Drug Administration Modernization Act of 1997. The revenues generated from fees paid by the pharmaceutical and biological prescription drug industries are dedicated for the use of expediting the prescription drug review and approval process.

Human Drugs
Program Activity Data

Program Workload and Outputs	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Total New Drug Application (NDA) Reviews	235	250	266
NDAs approved	124	131	139
Time from Receipt to Approval (mos.) (mean)	(21.4)	(20.9)	(20.4)
Time from Receipt to Approval (mos.) (mean)	(15.8)	(15.4)	(15.0)
NDA Supplemental Reviews	2,616	2,644	2,672
Abbreviated New Drug Application (ANDA) Actions[1]	1,358	1,300	1,300
ANDA Approvals	404	400	400
Average Review Time from ANDA Receipt to Approval (mos.)	25.6	25.0	24.5
ANDA Supplemental Actions	3,436	3,400	3,400
INDs (Active)	12,444	12,672	12,905
Clinical Pharmacology/ Biopharmaceutic Reviews	1,356	1,478	1,478
Inspections (excludes BIMO)	2,698	2,617	2,486
Premarket Drug Samples Analyzed[2]	702	452	390
Postmarketing Surveillance Samples Analyzed[3]	289	182	165
Non-clinical/clinical Study Investigations	694	673	639
OCT Monographs Under Development	30	25	20
Adverse Reaction Report Reviews	251,000	290,000	332,000
Drug Quality Reporting System Report	2,967	2,992	3,017

1 Total of approvals, not approvables, tentative approvals, and facsimile requests. Action projections reduced due to changes in FDA's policy on abbreviated application cycles and responses to applicants.
2 Includes all premarket samples in St. Louis and antibiotics and Insulin in Laurel, MD. Insulin samples are funded by Certification Fees. As of November 21, 1997, this program has been repealed.
3 Includes postmarket samples analyzed in St. Louis and Laurel, MD only.

Orphan Product Development Activities

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
Program Level ($000)	11,542	11,345	11,345	11,345	0

EXPLANATION OF PROGRAM

RATIONAL FOR BUDGET REQUEST

Justification of Base

FDA continues to encourage the development of drugs, biologicals, medical devices, and medical foods for rare diseases and conditions. The Office of Orphan Products Development (OPD) has responsibility for administering the orphan designation process by which product sponsors become eligible for the marketing exclusivity and tax credit incentives of the Orphan Drug Act (ODA). There are currently 848 designated orphan products. One hundred and sixty-three (163) orphan drugs and biologics have received marketing approval from FDA -- 18 in 1997.

Timeliness of the designation review process is important to sponsors which make product development decisions based on whether or not a product receives orphan designation. Reductions in the time to first action in these categories can be expected to speed and encourage development of products to prevent and/or treat rare diseases. Currently the average time to first action on an orphan designation application is 60 days. Average time to first action on an amendment request is 90 days. FDA will continue to streamline the designation review process.

Another major activity is the administration of the Orphan Products Grants Program, which provides funding for clinical research on products to prevent and treat rare diseases and conditions. Over the fourteen years of the OPD Grants Program, 350 grants have been funded. These grants have resulted in many publications and presentations that have increased knowledge about rare diseases and conditions. Significantly, twenty-one (21) products have achieved FDA marketing approval through studies funded in whole or in part by this Grants Program.

Products to treat children are an important class of orphans. Sponsors seldom spend valuable resources to develop pediatric dosages for products that are readily available. As a result, drugs approved for use in adults often are not tested and labeled for children. FDA has funded several studies to test approved products for pediatric use. One orphan grant study is investigating the use

of aerosolized tobramycin in the treatment of cystic fibrosis. Another study is underway on artificial skin to treat severely burned children.

To effectively promote the development of products to prevent and/or treat rare diseases, FDA must assure that the funded research is carried out and meets Federal requirements. FDA monitors grantee performance through telephone calls and site visits. As monitoring increases, the quality of studies can be expected to improve. Currently 90 percent of active grants receive at least three phone contacts and/or site visits per year. FDA maintains a database system which tracks various aspects of the program and enhances the project officer's ability to assure compliance with Federal requirements.

To encourage the best researchers to seek these grants, FDA makes presentations to industry, academic, and rare disease-oriented groups involved in research on products for rare diseases. The number of applications and hence the quality of the funded studies should improve as a result of this outreach effort.

In FY 1997, review of applications for the Humanitarian Use Devices (HUD) exemption designation was added as a new function of this program. The designation request is the first part of a two-step process which requires sponsors to demonstrate that a device affects fewer than 4,000 individuals in the United States. Twenty HUD applications were reviewed and seventeen of these met the criteria in 1997. The HUD exemption was enacted in the Safe Medical Devices Act of 1990.

ORPHAN PRODUCT DEVELOPMENT ACTIVITIES
Program Activity Data
($000s)

Program Workload and Outputs	**1997 Actual**	**1998 Estimate**	**1999 Request**
Intramural Activities ($000)			
Orphan Drugs Project	**$ 1,755**	**$ 1,509**	**$ 1,509**
Related Activities in Foods, Devices and Radiological Products, and NCTR Programs	**$ 1,056**	**$ 1,056**	**$ 1,056**
Total Intramural Obligations	**$ 2,811**	**$ 2,565**	**$ 2,565**
Grants and Contracts	**$ 11,542**	**$ 11,345**	**$ 11,345**
Total Obligations	**$ 14,353**	**$ 13,910**	**$ 13,910**
Number of Grants Awarded			
New	27	6	6
Continuing	89	99	95
Total Number of Grants	**116**	**105**	**105**

Biologics

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	96,256	96,279	96,279	91,428	-4,851
FTE	861	875	875	832	-43
User Fees: Reauthorized					
PDUFA ($000)	26,384	20,719	26,607	28,816	+2,209
FTE	209	192	192	202	+10
Proposed					
($000)	0	0	0	4,649	+4,649
FTE	0	0	0	43	+43
Program Level					
($000)	122,640	116,998	122,886	124,893	+2,006
FTE	1,070	1,067	1,067	1,077	+10

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

The Biologics program is responsible for ensuring the safety, effectiveness, purity, and potency of biological products, and for ensuring the safety of the Nation's supply of blood and blood products.

To accomplish these responsibilities, FDA:

- Administers an Acquired Immune Deficiency Syndrome (AIDS) program including research on AIDS diagnostic tests, therapeutic products, and vaccines and maintains liaison with the Public Health Service (PHS) Office of AIDS Coordination.

- Evaluates the safety and effectiveness of biological products before marketing and monitors the preclinical and clinical testing of new biological products.

- Issues licenses to manufacturing establishments including plasmapheresis centers, blood banks, vaccine producers, and others; and issues licenses for biological products.

- Maintains the quality of marketed products through surveillance and compliance actions; conducts inspections of licensed and unlicensed biological manufacturing establishments to ensure compliance with established regulations and good manufacturing practices; and removes from the marketplace those products that do not meet established standards.

- Conducts potency and safety tests of licensed biological products before they are released for marketing.

- Maintains up-to-date knowledge of biotechnological techniques and methodologies to foster the development of new products and provides a sound scientific basis for their regulation.

- Sponsors and conducts mission-related research to establish product standards, and to develop analytical methodologies and improved test methods.

- Registers regulated manufacturing and blood banking establishments, and maintains listings of all biological products commercially marketed in the United States.

- Develops regulations including Current Good Manufacturing Practices (CGMP) regulations and compliance programs and provides support and guidance to the Field on legal actions and case development.

- Presents to Advisory Committees available data relating to the safety, effectiveness, and appropriate use of specific biological products.

RATIONALE FOR BUDGET REQUEST

JUSTIFICATION OF BASE

AIDS. FDA continues its goal of combating AIDS through the expeditious review and approval of biological products intended for the diagnosis, prevention, and treatment of AIDS and AIDS-related diseases. FDA continues to approve safe and effective blood and blood products before marketing. FDA's Center for Biologics Evaluation and Research (CBER) received 40 AIDS Investigational New Drug Applications (INDs), and Investigational Device Exemptions (IDEs) during FY 1997.

Blood Supply. FDA's goal is to ensure the safety of the Nation's blood supply by minimizing the risk of infectious disease transmission and other hazards, while maintaining an adequate blood and blood product supply. The blood supply is critical to the Nation's health-care system. Each year approximately 14 million blood units are drawn from volunteer donors for use in more than 3.5 million Americans. FDA vigorously continues to strengthen its efforts to protect the Nation's blood supply and to minimize any risk to patients of acquiring the human immunodeficiency virus (HIV), hepatitis, Creutzfeldt-Jakob Disease (CJD), and other blood-borne diseases.

FDA will implement the following blood and blood components application review performance and compliance goals in FY 1999:

- Review and act on 90 percent of standard original NDA/PLA/BLA submissions within 12 months of receipt, and review 30 percent within 10 months of receipt.

- Review and act on 90 percent of priority original NDA/PLA/BLA submissions within 6 months of receipt.

- Review and act on 90 percent of standard efficacy supplements within 12 months of receipt, and review 30 percent within 10 months of receipt.

- Review and act on 90 percent of priority efficacy supplements within 6 months of receipt.

- Review and act on 90 percent of manufacturing supplements within 6 months of receipt, and review 30 percent within 4 months of receipt.

- Review and act on 90 percent of Class 1 resubmitted original applications within 4 months of receipt, and review 50 percent within 2 months of receipt.

- Review and act on 90 percent of Class 2 resubmitted original applications within 6 months of receipt.

- The Agency will also work to during FY 1999 to increase the percentage of plasma fractionator establishments in compliance with current good manufacturing practices (CGMPs) to 80 percent.

Other initiatives which contribute significantly to blood supply safety that continue to require a considerable Agency resource commitment are the review and assessment of blood establishment error and accident reports; the regulation of blood bank software; and the publication of guidance for industry. The Agency received approximately 15,000 error and accident reports during FY 1997.

FDA is acutely aware of the importance of rapidly responding to any suspected transmission of viral or other pathogens by blood or blood products. Reports of such incidents may come from a number of sources including, but not limited to, the Centers' for Disease Control and Prevention (CDC) surveillance systems; the FDA's MedWatch system; and reports from manufacturers. When this information is received, it is reviewed by FDA experts and further steps are formulated, depending upon the circumstances and conditions. These steps normally include: further assessment by FDA; directed inspection of manufacturer records and processes; consultation with CDC regarding epidemiology; product testing; and verification of clinical reports, possibly including patient testing. An ongoing effort is directed at developing standard operating procedures (SOPs) for these activities and defining thresholds for actions.

Under the authorities of the Public Health Service Act, FDA can order the recall of a biologic product if it presents an imminent or substantial hazard to the public health. However, typically product manufacturers will initiate product withdrawals or recalls on a voluntary basis which eliminates the need for FDA to issue an order. Most of the recalls that have occurred have not presented an imminent or substantial hazard to the public health. In a case where an imminent or

substantial hazard exists and the manufacturer does not initiate a recall, FDA would order the recall of the product. The FDA evaluates the reasons for the product withdrawal; classifies the level of hazard associated with the recall; and monitors whether appropriate actions are taken to protect the public health.

Responsibilities with respect to product withdrawals and recalls remains a high priority for the Agency. FDA continues to strive to improve the way product withdrawals and recalls are conducted and the way information is disseminated to inform affected individuals and groups of these actions. Rapid dissemination to end-users and recipients of information about product withdrawals or recalls and known or suspected pathogen transmissions is under intense discussion. Under the direction of the DHHS Blood Safety Committee, a working group with representatives from FDA, the National Institutes of Health (NIH), and the CDC has been formed to address this issue. Public notification of product withdrawal or recall is the responsibility of the product manufacturer and distributors. However, it is in the interest of the public health to facilitate the dissemination of this information to end-users and recipients. The working group held a public meeting during November 1996, to address this issue by discussing the then-current practices, alternatives, and future plans. The meeting focused on industry, government and consumer perspectives on the need for improvements in the current system. The results of this meeting, including clarification of the industry responsibility and the role of government to assist in the process, were reported at the December 12, 1996 Blood Products Advisory Committee (BPAC) meeting. The topic was also discussed at a March 1997 BPAC meeting.

FDA's efforts have significantly increased the safety of the blood supply. There has been a remarkable decrease in the transmission of viral diseases through blood in recent years. Blood is safer than it has ever been, despite the threats of AIDS and hepatitis. The public should have confidence in the safety of the blood supply. We continually strive to make blood safer by improving the operation of existing systems through education, regulatory controls, development of quality assurance initiatives, and development of new products. Ongoing improvements and refinements together with advances in science and technology promise more sophisticated methods of blood product manufacturing including more accurate tests to protect the blood supply.

Tissue Regulation. On February 28, 1997, FDA announced an innovative, common sense government oversight plan for a new, comprehensive regulatory framework for products derived from cells and tissues. "This new regulatory framework, developed after discussion with industry, academics and professional groups, will allow greater flexibility and innovation in this promising field of medicine," said Vice President Gore. At the same time, safeguards are maintained to protect the public health.

Vaccines. The FDA must ensure that all vaccines and related products are safe, pure, potent, effective and adequately labeled. During FY 1997, FDA received 90 vaccine and allergenic product INDs and Master Files (MFs) and approximately 2,400 amendments to existing vaccine INDs. A total of 4 Product License Applications (PLAs), and 79 vaccine and allergenic product supplements were approved during FY 1997. The standardization process for eight grass pollen extracts was

initiated in 1994. The majority of the 36 allergenic product supplements approved in 1997 were for standardized grass pollen extracts.

A draft guidance document, "Guidance for Industry: Testing Limits in Stability Protocols for Standardized Grass Pollen Extracts," was published in August 1997, for comment. A specific stability protocol that is consistent with CBER lot release is provided along with all necessary formulas and illustrative numerical examples.

Biotechnology. The FDA continues to participate in the discovery and development of new therapeutic biotechnology products for the prevention, diagnosis, and treatment of disease. During FY 1997, FDA received 295 biotech INDs/IDEs, and 122 gene therapy and somatic cell INDs/IDEs.

The Agency recently approved the first biotechnology product to treat patients with one type of non-Hodgkin's lymphoma (NHL), a cancer of the immune system. The product, rituximab, is a monoclonal antibody that is effective for patients with low-grade B-cell NHL who have not responded to standard treatments. Rituximab targets and destroys white blood cells (B-cells) involved in the disease, resulting in significant tumor shrinkage with less severe side-effects than most cancer treatments.

In the United States, approximately 240,000 people have B-cell NHL. About 50 percent of this group are of low-grade or follicular subgroup of NHL which is ultimately incurable. Patients with this type of NHL may remain in remission for years, but eventually have multiple recurrences of their symptoms or relapses that occur more frequently over the course of the disease.

Xenotransplantation. Xenotransplantation is any procedure that involves the use of live cells, tissues, and organs from non-human animal sources, transplanted or implanted into humans or used for clinical ex-vivo perfusion. The impetus for xenotransplantation is that the demand for human cells, tissues, and organs for clinical transplantation continues to exceed the supply. The increasing use of live animal grafts raises concerns regarding potential infection of patients with both recognized and unrecognized infectious agents and subsequent transmission through the general human population. The Public Health Service (PHS) xenotransplant goal is to delineate baseline safety requirements for the procurement, screening, use and clinical follow-up of xenografts. The FDA is actively working on development of a PHS guideline on infectious disease issues in xenotransplantation. The guideline will present measures for minimizing the risk to the public of human disease due to known zoonoses and emerging xenogeneic infectious agents arising from xenotransplantation.

Management Improvements. The following are recent management initiatives implemented within the Biologics Program which will continue in the future.

PDUFA was reauthorized for another five years in the Food and Drug Administration Modernization Act of 1997. FDA will meet or exceed the PDUFA performance standards for reviewing applications for which fees are paid. PDUFA performance goals for each year since FY 1994 have been met or

exceeded by FDA. The FY 1998 PDUFA performance goals are very ambitious and the performance goals become progressively more ambitious in the outyears (FY 1999 to FY 2002). FDA has initiated measures to make the application review process more efficient. CBER's Managed Review Process is an example of those initiatives. The Managed Review Process incorporates concepts of project management with the goal of producing high quality reviews in a timely manner through the efficient use of resources. The system includes establishing specific time frames with interim milestones of the evaluation of both establishment and product license applications. CBER set up an automated database that calculates milestone due dates for each application and enables reviewers and review team managers to monitor the review process closely.

A new biologics inspection program was implemented during FY 1997. The new program is called, "Team Biologics." Under the Team Biologics program FDA biologic facilities inspections will be conducted by investigator teams led by the Office of Regulatory Affairs (ORA). By transferring the lead responsibility for biologics inspections from CBER to ORA all FDA CGMP inspections will be standardized using a consistent approach. A core team of inspectors will lead the inspections. The inspectors will receive special training in performing biologics facility inspections such as blood banks and plasma establishments. This will allow CBER/ORA to focus a specially trained cadre of field investigators on the activities under this high priority program.

INCREASES

Prescription Drug User Fees (PDUFA)--($2.2 million, +10 FTE)

In FY 1999, the budget request includes a total of 202 FTE, and $28.8 million in the Biologics program. FDA's total PDUFA budget request for FY 1999 is 820 FTE and $132.3 million. The revenues generated from the fees paid by the pharmaceutical and biological prescription drug industries will be dedicated to continuing to improve and expedite the prescription drug application review and approval process.

The collection of fees in FY 1999 will enable the FDA to continue to meet its performance goals which are as follows:

- Review and act on 90 percent of standard original NDA and PLA/BLA submissions filed during fiscal year 1999 within 12 months of receipt and review, and act on 30 percent within 10 months of receipt.

- Review and act on 90 percent of priority original NDA and PLA/BLA submissions filed during fiscal year 1999 within 6 months of receipt.

- Review and act on 90 percent of standard efficacy supplements filed during fiscal year 1999 within 12 months of receipt and review and act on 30 percent within 10 months of receipt.

- Review and act on 90 percent of priority efficacy supplements filed during fiscal year 1999 within 6 months of receipt.

- Review and act on 90 percent of manufacturing supplements filed during fiscal year 1999 within 6 months of receipt, and review and act on 30 percent of manufacturing supplements requiring prior approval within 4 months of receipt.

- Review and act on 90 percent of Class 1 resubmitted original applications filed during fiscal year 1999 within 4 months of receipt, and review and act on 50 percent within 2 months of receipt.

- Review and act on 90 percent of Class 2 resubmitted original applications filed during fiscal year 1999 within 6 months of receipt.

FDA Modernization

The Food and Drug Administration Modernization Act of 1997, signed into law on November 21, 1997, builds on FDA modernization efforts to reduce drug and medical device approval times to record lows while maintaining consumer protections. Key provisions include: reauthorizing the Prescription Drug User Fee Act; reinventing government; increasing access to experimental therapies; streamlining medical product approval; expanding consumer access to information on unapproved or "off-label" drug uses; strengthening risk-based regulations of medical devices; and ensuring accurate food labeling.

PDUFA SUPPLEMENTAL REQUEST FOR FY 1998

A FY 1998 Supplemental of $25,918,000 is requested for the Prescription Drug User Fee Act of 1992, reauthorized by the Food and Drug Administration Modernization Act of 1997. The revenues generated from fees paid by the pharmaceutical and biological prescription drug industries are dedicated for the use of expediting the prescription drug review and approval process.

Biologics
Program Activity Data

Workload and Output Data	FY 1997 Actuals	FY 1998 Estimate	FY 1999 Estimate
Original License Application (PLA/ELA/BLA) Reviews 1/	105	100	100
PLAs & PLA Supplements Approved	1,115	1,000	1,000
Mean PLA/BLA Approval Time (Months)	14.0	14	14
Median PLA/BLA Approval Time (Months)	6.9	7	7
License Supplement (PLA/ELA/BLA) Reviews 1/	1,718	1,500	1,500
NDA & NDA Supplement Reviews 1/	92	70	70
PMA & PMA Supplement Reviews 1/	8	10	10
510(k) Reviews	116	100	100
Commercial IND/IDE Receipts	196	200	200
IND/IDE Amendment Receipts 2/	10,721	10,700	10,700
Active INDs/IDEs	2,748	2,700	2,700
Non-Clinical/Clinical Study Investigations (BIMO Inspections)	101	90	90
Inspections	2,214	2,100	2,100
Adverse Reaction Report Reviews	16,892	20,000	20,000

1/ Total of approval, approvable, not approvable, and complete decisions. Does not include refuse-to-file decisions or withdrawals.

2/ Includes IND, IDE, Master File and license master file receipts.

Animal Drugs And Feeds

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	36,216	41,973	41,973	30,584	-11,389
Food Safety Initiative					*+3,100*
Proposed User Fees					*-14,390*
S&E Rent & Related					*-99*
FTE	382	428	428	310	-118
Food Safety Initiative					*+15*
Proposed User Fees					*-133*
User Fees:					
Proposed ($000)	0	0	0	14,390	+14,390
FTE	0	0	0	133	+133
Program Level ($000)	36,216	41,973	41,973	44,974	+3,001
FTE	382	428	428	443	+15

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

FDA's strategic goal under the Animal Drugs and Feeds Program is to increase the availability and diversity of safe and effective products that relieve animal pain and suffering, sustain their health, improve animal productivity, and do not compromise public health. The primary goals are to: 1) ensure that only safe and effective animal drugs, devices, feeds and feed additives are marketed; 2) ensure that foods from animals that are administered drugs and food additives, in accordance with label directions, are safe for human consumption; and 3) to work proactively to increase the availability and diversity of safe and effective products for use by the agricultural community.

The Agency strives to process New Animal Drug Applications as quickly as possible to ensure that safe and beneficial veterinary drugs, intended for the treatment and/or prevention of diseases in animals, and the improved production of food producing animals, are approved for use as soon as possible. In addition, FDA maintains continuing surveillance over all animal drugs, devices, and feeds marketed in interstate commerce in order to minimize threats to human and/or animal health which might arise as a result of the use of these products.

Surveillance of marketed products and the business industry is accomplished through review of drug experience reports and compliance programs implemented by the FDA field offices through

inspections, sample collections and analysis, investigations, and other postmarket activities. Regulatory actions are taken as needed to control violative goods and firms.

RATIONALE FOR BUDGET REQUEST

Justification of Base

Premarket

Safe and effective veterinary drugs are essential for improved production of food producing animals, as well as for the health and well-being of both companion and food producing animals. Improved production of food producing animals has a positive economic effect on the agricultural community which increases the availability of animal products for human consumption. An expected primary outcome is safe animal products for human consumption. Veterinarians and the agricultural community need animal drugs to ensure a safe food supply. As disease causing agents mutate and become resistant to current drugs, new drugs are needed. The New Animal Drug Review process, including data gathered during preapproval inspections, supports the overall mission of both FDA and USDA to ensure that animal derived products are safe for human consumption.

FDA continues to work toward the increased availability of new animal drugs and to ensure the safe and effective use of new and existing drugs. In order to increase the availability and diversity of safe and effective products, the Agency expects to expedite and facilitate the approval of new animal drugs by implementing the Animal Drug Availability Act (ADAA) of 1996, including revising the Investigational New Animal Drug procedural regulations and pursuing our REGO initiatives.

Premarket Review ADAA and REGO initiatives include:

- Promulgation of ADAA regulations including:
  - defining "adequate & well-controlled";
  - defining "substantial evidence";
  - developing options on minor species/minor use;
  - updating/developing export regulations/guidelines; and
  - replacing the medicated feeds application process with a feed mill licensing process.
- REGO
  - expanding the categorical exclusions for environmental assessments, and
  - streamlining Animal Drug Regulations (INAD and NADA rewrites).

The expected immediate outcome from recent legislation (ADAA) and REGO initiatives will be a decrease in the developmental time and costs associated with research studies and other drug approval regulatory requirements. Presubmission conferences and availability of FDA guidelines through the Internet and workshops will increase industry efficiency, thereby reducing overall developmental costs. Phased review will provide more timely feedback and provide "early detection" of application deficiencies. The Agency will partner with regulated industry to establish new

performance measures and collect baseline data to monitor performance with respect to the drug development and approval process. Current workload program and output measures will be changed accordingly.

Another expected immediate outcome is an overall shortened review time. The streamlining processes will decrease overall review time thereby increasing the availability of safe and effective animal drugs. Phased review coupled with improved information systems such as electronic submission of applications and enhancements to STARS will allow FDA to more efficiently perform review activities. This will enable the agricultural community to more effectively provide animal derived products, possibly at a lower cost due to reduced animal drug developmental costs being reflected in lower costs to purchasers.

Research is an essential element in the approval process. Method validation studies are necessary in approving applications for new drugs for food animals. In addition to methods validation, analytical methods development research improves the effectiveness of surveillance activities by providing more rapid and accurate procedures to detect and quantitate chemical substances in foods. Information system development improves the ability of primary reviewers to access Agency and sponsor data used in the review process.

Postmarket Assurance

The Postapproval Assurance Process improves and enhances FDA's ability to reduce the availability of unsafe animal drugs. Through the use of the National Surveillance System, the Agency monitors current antimicrobial resistance patterns and takes action to contain resistance. In FY 1999, the Agency will increase the number of bacterial human and animal isolates sampled in order to improve monitoring for the transfer of antibiotic resistant bacteria to humans. In addition, through development of partnership relationships with industry and the states, we will implement the ADAA provisions related to postmarket assurance through new regulations, development of educational initiatives, and, as needed, the development of enforcement strategies to assure public safety. This is similar to the partnership formed with the American Veterinary Medical Association to educate the veterinary community about the Animal Medicinal Drug User Clarification Act, and the existing partnerships with regulated industry to solve problems during educational and regulatory inspections.

In order to ensure that foods from animals are safe for human consumption, FDA also partners with other government agencies, state and local governments, and the private sector to take action to prevent or minimize potential public health hazards through development of early warning systems, postmarket inspections and investigations, risk assessment, scientific research, educational initiatives and regulatory action.

In FY 1998, a major initiative to expand our surveillance to ensure safe food to the American public is the "Food Safety Initiative". This initiative will:

- expand ongoing national surveillance of antimicrobial resistance;

- set goals for evaluating human pathogens in food animals, feed, and manure;
- develop new methods for detecting foodborne pathogens in animal feed;
- conduct research to better understand antibiotic animal drug resistance; and
- expand research in the areas of prevention, reduction, and elimination of pathogens in animals and animal feeds.

New regulations will change the way we do postmarket assurance business. In addition to the ADAA Act replacing the medicated feeds application process with a feed mill licensing process, we will implement Veterinary Feed Directives.

In FY 1999, FDA will continue to monitor for Bovine Spongiform Encephalopathy (BSE)/Mad Cow Disease and will implement the new regulations which cover such activities as development of educational and enforcement plans, and partnership relationships with industry and the states.

Research is an essential element in postmarket assurance. Research studies are necessary in order to develop methods for detecting drugs and drug residues that may be present in food products derived from animals. In addition to methods development, analytical methods development research improves the effectiveness of monitoring for antibiotic resistance patterns as well as providing more rapid and accurate procedures to detect and quantify chemical substances in foods.
The immediate outcome will be the ongoing establishment and updating of baseline data to: 1) efficiently establish science-based standards which will be used to evaluate the compliance of marketed products; 2) identify emerging patterns of antibiotic resistance; and 3) direct resources toward high-risk product areas.

By providing ongoing and systematic collection, analysis, and interpretation of surveillance data, an intermediate outcome will be to ensure accurate and valid information that can be interpreted in an appropriate, consistent, and balanced fashion. The early identification of emerging issues will allow agencies to efficiently focus education efforts in the human and veterinary medical communities appropriately.

INCREASES

Food Safety Initiative - $3.1M

In FY 1999, the Animal Drugs and Feeds Program will expand and enhance its activities in three major areas to address issues identified in the original Food Safety Initiative. These areas are: surveillance, education, and risk assessment. This resource request is on top of the $4.1 million currently planned for FY 1998 which includes base resources of $.1 millio n from FY 1997 and the appropriated increment of $4.0 million for FY 1998.

Surveillance --$1.7 million

FDA is expanding the FY 1998 Food Safety Initiative's ongoing systematic collection, analysis, and interpretation of antimicrobial susceptibility surveillance data. With this effort, FDA will be able to ensure accurate and valid information that can be used to further minimize the transmission of resistant pathogens through the food chain. The early identification of emerging resistance will allow FDA to focus education efforts in the human and veterinary communities. Continued and expanded monitoring will allow assessment of the impact of various interventions and control efforts. The identification and containment of resistance as a result of these monitoring programs will help ensure the continued effectiveness of both human and veterinary drugs, and aid in increasing the availability and distribution of effective drugs. By the end of FY 1999, FDA plans to increase the overall capacity of the National Antimicrobial Susceptibility Monitoring Program by 20 percent in order to ensure a high likelihood of detection of emerging resistance trends in zoonotic enteric pathogens.

Timely and improved information about the type and extent of infections in food producing animals, animal carriage of human pathogens, and increased knowledge concerning related factors will provide a foundation for regulatory decisions and education campaigns. Ultimately, recommendations derived from study findings will allow improved animal husbandry practices and safer foods.

Education -- $0.5 million

Expand the FY 1998 Food Safety Initiative to include the area of educational initiatives, including educational partnership agreements with state and local agencies and addressing the appropriate use of drugs in food animals, will ensure public health by minimizing the occurrence of residues in edible tissues. Prudent and judicious use of veterinary drugs will be an important factor in preserving their efficacy, preventing resistance development and therefore retaining their availability. Partnerships between FDA Regional/District Offices and other government agencies such as the USDA Extension Service as well as state and local government departments will increase FDA's educational outreach programs.

Educational efforts will include:

- Satellite teleconferences (3 per year)
- Continuing education symposia (3 per year)
- Exhibit programs (4-5 exhibits per year)
- New exhibit/enhancements to exhibits
- Town hall meetings (3 per year)
- Printing (materials for educational programs)
- Industry workshops (3-4 per year) for different commodity producer groups.

These proposed initiatives will increase compliance with good husbandry practices and reduce the need for enforcement and subsequent industry burdens due to an increase in quality assurance through development of formal and informal industry quality assurance programs.

Risk Assessment -- $0.9 million

The advancement of risk assessment methodologies will ultimately benefit public health by maintaining the highest safety standards. Improved and more standardized risk assessments would permit the ranking of food safety concerns to provide for better public health protection and more efficient utilization of resources.

The proposed research will better quantify several uncertainties in risk assessment. These initiatives will provide better risk assessments in order to set priorities, to evaluate: surveillance plans; risk reduction strategies; and research programs for improving food safety.

These initiatives will also improve the utility of confidence in risk assessment among scientists and the general public by providing for more transparent risk analysis. There will be the development of more transparent risk assessment models to permit peer review and promote professional credibility in government risk assessment models.

Animal Drugs and Feeds
Program Activity Data

Program Workload and Output	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
New Animal Drug Applications Processed Originals[1]:			
Received	42	50	50
Completed	33	50	50
Approved	18	15	15
New Animal Drug Application Supplements [2]:			
Received	832	800	800
Completed	1,019	800	800
Approved	640	600	600
Average time from receipt to approval Original NADAs (mos.)	(16.4)	(14)	(12)
Abbreviated New Animal Drug Applications (ANADAs) - Originals:			
Received	67	70	70
Completed	62	70	70
Approved	27	30	30
Average time from receipt to approval Original ANADAs (mos.)	(17.6)	(15)	(15)
Abbreviated New Animal Drug Applications - Supplements:			
Received	82	100	100
Completed	83	100	100
Approved	69	80	80

[1/] An original is the initial filing of the application by a sponsor, and if it is not approvable, the sponsor may submit additional information until the Agency is able to approve the applications.

[2/] A supplemental application is a request by the sponsor to change the conditions of the existing approval; these may be significant changes such as adding a new species or indication, or they may be routine product manufacturing changes.

Animal Drugs and Feeds
Program Activity Data (continued)

Program Workload and Output	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Investigational New Animal Drug (INAD) Files[3]:			
Received	6,375	5,000	5,000
Completed	5,257	5,000	5,000
Generic Investigational New Animal Drug Files:			
New Receipts	424	450	450
Final Actions	215	450	450
Feed Mill License Applications Processed[4]	627	900	50
Investigational Food Additive Petitions	75	75	75
Food (Animal) Additive Petitions[5]	13	20	30
Establishment Inspections[6]	591	600	600
Feed Mill			
FDA Direct Inspections	119	200	200
Federal/State Contract Inspection	499	500	500
Sample Analyses	2,581	2,200	2,200
Manufacturers' Drug Experience Reports Reviewed	3,862	4,000	4,200
Adverse Experience Reports Reviewed	4,134	4,300	4,500
Tissue Residue Program/Investigations[7]	400	650	650

[3/] Under phased review most of the review work will be done in the INAD phase as opposed to the NADA phase.
[4/] Per legislative changes, the switch from Feed Mill Application to Feed Mill licensing should be completed in FY 1998. The number of Feed Mill Licenses processed should therefore decrease in FY 1999.
[5/] Applications for non-drug substances to be added to animal feed are considered to be Food additive Petitions. These too require review and approval. And, although the Center for Food Safety and Applied Nutrition in FDA handles human food additives (and thus Food additive Petitions), those received in CVM are different and are counted separately.
[6/] All establishment inspections less the feed mill inspections.
[7/] Inspections of FY 1997 reported residues are often completed during the first quarter of FY 1998 so reports are frequently received through the first 6 months following the fiscal year (totals incomplete).

Animal Drugs and Feeds
Program Activity Data (continued)

Program Workload and Output	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Animal/Medicated Feed Partnership Agreements[8]	10	10	10
Plant Biotech Notification Processed	11	10	10

[8/] In FY 1997, there were 110 Partnership Agreements between FDA and other organizations related to FDA field activities, 10 of the agreements (9 percent) covered work in the Animal Drugs and Feeds Program.

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Devices

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	147,372	142,080	142,080	102,550	-39,530
FTE	1,619	1,518	1,518	1,155	-363
Current User Fees MQSA					
($000)	12,449	13,812	13,812	14,226	+414
FTE	48	51	51	51	0
Proposed					
($000)	0	0	0	39,179	+39,179
FTE	0	0	0	363	+363
Program Level					
($000)	159,821	155,892	155,892	155,955	63
FTE	1,667	1,569	1,569	1,569	0

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

FDA promotes and protects the public health under the Medical Devices and Radiological Health program by ensuring the safety and effectiveness of medical devices; eliminating unnecessary exposure to radiation from medical, industrial, and consumer products; and maximizing the benefits from necessary exposure. To accomplish these goals, FDA conducts the following activities:

- Classifies medical devices into the appropriate regulatory category (class I--general controls; class II--special controls; and class III--premarket approval).

- Reviews Premarket Approval Applications (PMAs) to ensure the data submitted by the manufacturer demonstrate the device is safe and effective.

- Reviews Premarket Notifications [510(k)s] to ensure the data submitted by the manufacturer demonstrate the device is substantially equivalent to an eligible product already on the market.

- Reviews Investigational Device Exemption applications (IDEs) to ensure that proposed investigational studies will be well-controlled and will safeguard the rights and safety of human subjects.

- Conducts postmarket surveillance to ensure the continued safety and effectiveness of marketed devices and radiation emitting products. Postmarket surveillance includes the mandatory manufacturer and device user facility problem reporting programs and the voluntary problem reporting program, inspections of manufacturing facilities, postmarket surveillance studies, device registries, and other mechanisms.

- Promulgates and enforces quality standards under the Mammography Quality Standards Act of 1992. These standards govern every significant aspect of mammography including equipment, personnel, and quality assurance programs, and provide for accreditation, inspection, and certification of all mammography facilities.

- Participates in developing performance standards for devices and radiological products and in promoting and harmonizing these standards internationally and domestically.

- Conducts research to provide a sound foundation for effective regulation by increasing FDA's understanding of the principles at work in and the risks involved with complex devices and radiation emitting products.

- Conducts educational activities to help consumers and health professionals use medical devices and radiological products properly, thereby maximizing the benefits from products while minimizing or eliminating inherent risks. Provides technical, nonfinancial assistance to small medical device manufacturers to help them comply with FDA's regulatory requirements.

- Inspects domestic and foreign device manufacturers to ensure that the products produced meet current quality systems requirements. Certifies that unapproved products designated for sale outside of the U.S. meet the public health requirements of the receiving country.

- Conducts enforcement actions such as mandatory recalls, PMA suspensions, seizures, injunctions, prosecutions, or the imposition of civil penalties, when necessary to obtain full compliance with regulatory requirements or to protect the public health.

- Develops and enforces regulatory standards to limit unnecessary radiation exposure and establishes criteria and scientific methods to maximize the effectiveness of useful radiation exposure.

RATIONALE FOR BUDGET REQUEST

JUSTIFICATION OF BASE

FDA has made significant strides in reinventing and reengineering the Medical Device program. FDA is reengineering the program out of necessity to address many performance and infrastructure problems, resource constraints, and the inability to afford to continue "business as usual." FDA's current reengineering effort is committed to maximizing the public health impact from available

resources. The aim of the reengineering effort is to redirect resources and target investments on high-risk, high-impact devices or work areas while de-emphasizing areas that pose lower risk to the public, or where FDA involvement is not essential. The Agency's focus on device reengineering has recently been augmented by new legislation. FDA is beginning to implement the provisions of the FDA Modernization Act that require FDA to conduct more timely and interactive device application reviews, improve the quality and timeliness of postmarket surveillance data, expand participation in international harmonization activities, and improve information and education for industry and health professionals. While many requirements of the Act are consistent with reengineering efforts, other provisions add new legislative responsibilities. For example, some of the new responsibilities include tighter review times for 510(k)s and certain PMA supplements, sponsor-initiated classification requests for new products (de novo classifications), and dispute resolution procedures for scientific controversies.

The improvements and changes that arise from reengineering and implementation of the FDA Modernization Act are intended to make the Medical Device program as effective and efficient as possible. With base resources in FY 1997, FDA was able to significantly improve the level of productivity and services expected by the public and the Congress. In FY 1998 and FY 1999, FDA's Device program will be facing the new challenge of starting implementation of the FDA Modernization Act. In FY 1999, FDA will continue reengineering the device review process with emphasis on the new requirements of the FDA Modernization Act, while striving to maintain a stable, predictable level of review performance. When the redesigned review process is fully implemented, FDA anticipates enhanced performance levels beyond FY 1999.

FDA's FY 1999 performance goals for the Device program are described below. Additional information on the Devices program is in the Performance Plan.

Product Review

The Medical Device and Radiological Health program devotes most of its resources to the review of device applications such as premarket notifications (510(k)s), premarket approval applications and supplements (PMAs and PMA supplements), and investigational device exemptions (IDEs). Medical Device review is FDA's highest device priority.

FDA is continuing to implement new initiatives to reduce industry workload and better use its own resources. During the past year, FDA has undertaken several new management initiatives to reinvent its medical device program. These include:

- Exempting most class 1 devices from 510(k) review;
- Creating a more interactive review process that includes early consultations on data requirements and effectiveness evidence; and
- Recognizing domestic and international standards for premarket review decisions.

The FDA Medical Device and Radiological Health program strategy, consistent with the mandates of the Modernization Act, is to concentrate resources on higher-risk, higher-impact products or work areas where they are likely to have the greatest effect on public health. This strategy produced improved performance in FY 1997. However, in FY 1998 and FY 1999 because of additional resource and workload demands required to implement the FDA Modernization Act , FDA will strive to maintain a stable, predictable level of review performance**.** FDA will use available resources to improve Medical Device performance in the long run. FDA has established the following FY 1999 performance goals.

Premarket Cluster:

Focus: FDA's medical device premarket strategy is to reengineer the device review process and redirect resources to high-risk and high-impact product areas and decrease resources in areas that pose a lower risk or benefit. In the long run, this will improve timeliness for high-risk devices and maintain timeliness without sacrificing quality for low-risk devices. During FY 1998 and FY 1999, FDA is striving to maintain device review performance at FY 1997 levels, while expediting reengineering efforts.

Goals:

- Complete 50 percent of PMA first actions within 180 days.

- Complete 90 percent of 510(k) first actions within 90 days. Expand third-party 510(k) reviews and complete FDA action on 55 percent of them within 30 days.

Postmarket Surveillance

Postmarket surveillance activities enhance consumer protection from risks associated with device usage, particularly those that are neither apparent nor foreseen during the premarket notification and premarket review processes. FDA receives and evaluates thousands of reports (over 93,000 in FY 1997) of device-related problems each year. These include mandated reports received through device manufacturers and user facilities; voluntary reports received through the consolidated MedWatch program; and the results of field inspections and investigations. FDA also receives postmarket surveillance data from laboratory and statistical studies, 510(k)s, PMAs, PMA supplements, and postmarket surveillance studies.

FDA continues to establish policies and procedures for improved handling of postmarket notifications and collaborates with industry on the development of study protocols for the conduct of postmarket surveillance studies. Computer programs are currently being developed that will allow for faster input and analysis of aggregated data to help readily identify health concerns and develop solutions.

The FDA Modernization Act allows the option of replacing mandatory user facility reporting with a National Sentinel Reporting Surveillance System. FDA is conducting a pilot study to determine

whether a select group of highly trained reporting facilities could provide a statistical sample of adverse event reports that would represent all user facilities. A Sentinel system has the potential to enhance the validity and reliability of data submitted to FDA and ultimately afford a higher level of public health protection.

Postmarket Cluster:

Focus: To improve postmarket reporting by streamlining data entry and creating new quality assurance mechanisms to increase reporting efficiency and analysis.

Goal:

- Implement electronic reporting system for adverse event reporting that will streamline data entry, improve data analysis, and double the number of low risk reports received in summary fashion.

Compliance Program

The Compliance program enforces many regulations to protect the public from unsafe or ineffective medical devices or radiological products. FDA takes various actions to resolve problems that occur and deter future violations of the Federal Food, Drug, and Cosmetic Act. FDA also informs and verifies that medical device firms are knowledgeable and use Good Manufacturing Practices (GMP). During FY 1999, the Compliance program will continue to concentrate on the development of a risk-based product specific system to improve the quality conformance of high-risk devices.

Compliance Cluster:

Focus: To improve enforcement actions by redirecting resources to high-risk devices such as implants.

Goals:

- Improve quality conformance of high-risk products like cardiovascular devices by redirecting compliance priorities toward higher-risk devices.

- Assure that FDA inspections of domestic medical device manufacturing establishments, in conjunction with the timely correction of serious deficiencies identified in these inspections, result in a high rate of conformance (at least 95 percent) by the end of the fiscal year.

MQSA Program

The Mammography Quality Standards Act of 1992 (MQSA) was signed into law on October 27, 1992 to address the public health needs for safe and reliable mammography. The Act requires all mammography facilities to be certified by the Secretary of Health and Human Services as meeting quality standards for mammography in the areas of equipment, personnel, quality assurance, record keeping, and reporting. Resources are primarily devoted to maintaining the quality assurance activities by conducting approximately 8,300 annual inspections and issuing 3,000 mammography facility certifications.

MQSA Cluster:

Focus: To ensure that mammography facilities remain in compliance with established quality standards and to improve the quality of mammography in the United States.

Goal:

- At least 97 percent of the mammography centers meet key inspection standards in FY 1999.

Science, Technology, and Standards Activities

Science, technology, and standard activities are pivotal to the Device program by helping to support both the premarket and postmarket programs. FDA plans to increase the use of consensus standards developed by such national and international organizations as the American National Standards Institute (ANSI) and the International Standards Organization (ISO) in the review and approval of high-risk medical devices.

Science, Technology, and Standards Cluster:

Focus: To provide direct science support to the device approval process and to promote increased acceptance of consensus standards in support of FDA's product review and postmarket surveillance activities.

Goal:

- Recognize over 50 standards for use in application review and update the list of recognized standards.

Radiation Control for Health and Safety Act (RCHSA) Program

Under the Radiation Control for Health and Safety Act, FDA conducts an electronic radiation control program to assess the biological effects of all types of radiation exposure. FDA also evaluates radiation emissions from electronic products, conducts research to minimize exposure, and sets and enforces radiation performance standards. Radiation control activities are being adjusted to help maintain the current level of expertise in CDRH and to regulate the electronic product industry. The

current program includes risk-based and pre- and postmarket activities and science. Approximately 300 inspections, 100 laboratory tests, and 1,400 field tests of various medical and non-medical products were performed annually by FDA in FY 1997. Also, as new radiation-producing electronic products are developed, FDA evaluates them to ensure that they are safe. Besides its regulatory responsibilities, FDA participates in specialized programs designed to promote improved procedures and practices among health professionals and the development of better x-ray techniques.

Radiation Control for Health and Safety Act Cluster:

Focus: To assure minimal exposures to radiation from electronic products by assessing emissions, labeling, controls, and user practices. The safety of use is improved through enhancing the body of knowledge and providing information to researchers, industry, and users including medical practitioners, consumers, and industrial workers.

Goal:

- Take action on 95 percent of high risk electronic products within 30 days of the radiation hazard discovery.

INCREASES

MQSA Inspection User Fees -- $0.4 million

An increase of $0.4 million is included in the FY 1999 budget request for a portion of pay and non-pay costs to maintain the current level of inspection user fees authorized in the MQSA program. MQSA required that mammography facilities be certified by October 1, 1994 to remain in operation and inspected annually to ensure compliance with national quality and safety standards. In FY 1999, Federal and state personnel will continue to conduct annual inspections of 8,270 facilities and certifications of 3,000 facilities as well as provide training for new inspectors. The fees collected will pay for the costs of the inspections.

Medical Devices and Radiological Health
Program Activity Data

Program Workload and Outputs 1/	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Premarket Approval Applications (PMAs)			
Received	70	65	65
Completions	81	55	60
Average review time (FDA days-approval)	207	290	285
PMA Supplements			
Received	409	390	370
Completions	455	305	300
Average review time (FDA days-approval)	100	180	170
Premarket Notifications - 510(k)s			
Received	5,049	4,350	3,350
Completions	5,155	3,800	2,800
Average review time (FDA days-clearance)	97	130	125
Special 510(k)s 2/			
Received	N/A	600	1,200
Completions	N/A	400	1,000
Average review time (FDA days-clearance)	N/A	120	110
Third-party 510(k)s			
Received	14	50	100
Completions	14	35	70
Average review time (FDA days-approval)	20	40	35
Investigational Device Exemptions (IDEs)			
Received	297	280	275
Completions	297	280	275
Average review time (FDA days-approval)	30	30	30
IDE Supplements			
Received	3,776	3,200	2,700
Completions	3,776	3,200	2,700
MedWatch Mandatory Reporting Program: Reports from Manufacturers			
Received and Processed	74,696	35,000	35,000

Medical Devices and Radiological Health
Program Activity Data (continued)

Program Workload and Outputs	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Manufacturer Baseline Reports			
Manufacturer Annual Certifications			
Received and Processed	0	0	0
User Facility Reports 3/			
Received and Processed	4,851	6,000	6,000
Distributor Reports 4/			
Total MedWatch Medical Device Reports (mandatory)			
Received and Processed	93,849	90,000	90,000
MedWatch Voluntary Reporting Program			
Received and Processed	2,135	5,000	5,000
Export Certificates and Permits			
Received and Processed	2,552	2,800	2,800
Device and Radiological Product Inspections	3,186	2,000	2,000
MQSA Annual Inspections (includes 91 percent State, 9 percent Federal)	8,280	8,270	8,270
MQSA Facility Certifications 5/	3,000	6,000	3,000

1/ Device review productivity will decrease in FY 1998 and FY 1999 because FDA must undertake many start-up tasks to implement the FDA Modernization Act.

2/ New type of 510(k) application that addresses modifications to existing devices.

3/ The FDA Modernization Act gives FDA the option to establish a Sentinel System to replace the 100 percent mandatory user facility reporting. In FY 1998, FDA is initiating a pilot with 24 user facilities to determine whether trained facilities can provide a valid statistical sample of adverse event reports. FDA will propose to implement a National system in FY 1999 if the pilot results are favorable.

4/ Mandatory reporting requirements for distributors were repealed by the FDA Modernization Act.

5/ The projected increase in FY 1998 is due to the large number of certifications coming due that were initially issued in October 1994. The ACR is giving out incentives to the facilities that recertify before the due date in an attempt to even out the workload in other fiscal years. The impact of these incentives cannot be determined at this time.

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National Center for Toxicological Research

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	31,929	31,079	31,079	31,579	+500
Food Safety Initiative					*+500*
FTE	223	225	225	225	0
Program Level					
($000)	31,929	31,079	31,079	31,579	+500
FTE	223	225	225	225	0

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

The National Center for Toxicological Research (NCTR) conducts peer-reviewed scientific research that supports and anticipates FDA's current and future regulatory needs. This involves fundamental and applied research specifically designed to define biological mechanisms of action underlying the toxicity of products regulated by FDA. This research is aimed at understanding critical biological events in the expression of toxicity and at developing methods to improve assessment of human exposure, susceptibility, and risk in the future.

In response to Agency and Department strategic goals (listed in parentheses), FDA's NCTR has undertaken a fundamental review of its research outcomes. NCTR scientists design and develop regulatory research focusing on three strategic goals:

- *The development of knowledge bases* ("high quality scientific decision-making") or the accumulation of data that have predictive value extending beyond the individual data elements and which foster the identification of data gaps and new research areas that support regulatory decision making;

- *the development of new strategies for the prediction of toxicity* ("effective regulatory risk decisions") based on mechanistic assays; and,

- *the conduct of method-, agent-, or concept-driven research* ("premarket review/postmarket assurance") or the modification and development of better analytical and toxicological test methods, and the provision of data on specific agents of interest to FDA to facilitate current and anticipated regulatory need.

The effort to define performance goals and measures and establish FY 1999 outcomes dealing with scientific knowledge continues; it provides the basis for the development of predictive systems for assessing toxicity and the development of knowledge bases to support the FDA review process.

RATIONALE FOR BUDGET REQUEST

Justification of Base

The Agency's FY 1999 objectives for the NCTR include: assisting the Centers with timely and cost effective premarket review decisions by developing knowledge bases to aid in the assessment of human toxicity; developing new approaches for use in predicting risk associated with human toxicity that can be applied to products under development; and conducting research on specific agents, concepts, or methods that can be applied to questions of human health and safety. FDA, in partnership with other Federal agencies, industry, and academia, will continue to develop methods for improving human risk assessment by applying a multidisciplinary scientific approach to assess toxicity of compounds of significance to the Agency.

Working with scientists in the FDA program centers, the NCTR will develop a knowledge base that will provide regulators with desktop access for interpretation of scientific data to predict adverse effects on human health. The value of such a knowledge base is its ability to predict relevant toxicity based on the proposed structure of a drug or a chemical, thus reducing analysis time for compounds under study within FDA.

New predictive systems under development will lead the Agency in utilizing the latest technology in solving difficult regulatory questions. Strategies include new test systems that are based on understanding the mode of action, refinements to existing tests and new preliminary screens, and studies that help reduce the uncertainty of extrapolating laboratory animal data to humans. Predictive systems will support decisions about toxicity and will help guide the design and priority of subsequent toxicity studies.

FDA studies, which are a collaborative effort among scientists from all program centers, NCTR, and the Office of Regulatory Affairs, provide data on specific agents such as anti-estrogens, neurotoxins, pediatric sedatives, and alpha hydroxy acids. This method-, agent-, and concept-driven research will continue to support the expanding public health role of the FDA.

INCREASES

Food Safety Initiative -- +$0.5 million

An increase of $0.5 million will allow FDA to provide research support for the President's FY 1999 Food Safety Initiative. Efforts will focus on collaboration between research scientists at NCTR and scientists in other parts of FDA, USDA, and EPA. These collaborations will be targeted to the development of new and improved methods to more rapidly and accurately detect and characterize foodborne hazards and improve the capability to estimate risk associated with foodborne contaminants. These efforts support performance goals of the Agency's Methods-, Agent-, Concept-Driven Research cluster. Polymerase Chain Reaction (PCR) methodology and probes for use in identifying foodborne pathogens such as *E. coli* and *Cyclospora* will be developed along with rapid

identification methods for bacteria using spectral patterns of foodborne contaminants. Development of novel new techniques to measure food contamination/decomposition, such as with seafood, and to facilitate risk reduction strategies will be emphasized by FDA researchers in addressing this critical public health need. The Agency will examine existing systems at NCTR in order to meet the management, reporting, and tracking requirements for the Food Safety Initiatives.

National Center for Toxicological Research
Program Activity Data

Program Workload and Output	FY 1997 Actual	FY 1998 Planned	FY 1999 Request
Research Publications	262	254	265
Internal FDA Collaborations	57	60	60
Ongoing Research Projects:			
Build knowledge bases	9	9	12
Develop new strategies for the prediction of toxicity	57	53	60
Conduct method-, agent-, or concept-driven research	167	167	143
Scientific Presentations	1,065	1,050	1,035

Tobacco

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA					
($000)	4,914	34,000	34,000	134,000	+100,000
FTE	21	25	25	50	+25
Program Level					
($000)	4,914	34,000	34,000	134,000	+100,000
FTE	21	25	25	50	+25

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

RATIONALE FOR BUDGET REQUEST

Justification of Base

On August 23, 1996, FDA issued its final rule for its regulations concerning nicotine-containing cigarettes and smokeless tobacco products. The final rule limits the availability and appeal of tobacco products to young people. The final rule limits the access that young people have to tobacco products by setting a minimum age of purchase, requiring that retailers check a photo identification of all customers under the age of 27 when purchasing tobacco, banning self-service and vending machine sales, and banning free samples. This rule limits the appeal these products have for young people by imposing stringent advertising restrictions on most advertising media including banning billboards within 1,000 feet of schools and playgrounds, banning all non-tobacco items identified with a tobacco brand, and banning sponsorship of events by tobacco companies.

The United States District Court for the Middle District of North Carolina (Greensboro Division) delayed implementation of all provisions, pending appeal, except those already in effect for age and identification. The government requested expedited appeal in the United States Court of Appeals for the Fourth Circuit. This appeal was heard on August 11, 1997, and a decision is expected within the next several months.

In FY 1998, Congress appropriated $34,000,000 for the costs associated with the full implementation of the age and photo identification aspect of this regulation, as well as the implementation of other provisions of the rule such as the advertising provisions as they become effective. During FY 1998, FDA will primarily engage in two activities: outreach and enforcement. The goal of this program is to reduce the availability and appeal of tobacco products to children and teenagers. FDA's long-term

goal is a 50 percent decline in young people's use of tobacco within seven years of program implementation.

Reducing young people's use of tobacco is an enormous undertaking with potential for great public health outcomes. FDA recognizes that close coordination with the Secretary's office, and other agencies within the Department such as the Substance Abuse and Mental Health Services Administration (SAMHSA), the Centers for Disease Control (CDC), and the National Cancer Institute (NCI), is essential. These coordination efforts are underway and working effectively.

Coordination is especially key between FDA and SAMHSA. SAMHSA has the responsibility of implementing the Synar Regulations, which complement the access provisions in FDA's final rule. There are three areas where coordination between FDA and SAMHSA will be the most effective: 1) sharing information about state tobacco control programs and contracts; 2) providing a consistent message to states about how to best reduce young people's use of tobacco; and 3) encouraging states to monitor compliance with the FDA requirements.

In addition, FDA is coordinating its state-oriented efforts with CDC's Office of Smoking and Health, and the NCI. The CDC IMPACT program and NCI ASSIST program both involve tobacco control activities at the state and local levels. The state officials participating in the IMPACT and ASSIST programs are potential partners for the implementation of FDA's final rule. FDA is focusing on activities which are intended to halt the supply of tobacco products to children. CDC's focus, and that of the FY 1999 CDC Youth Tobacco Prevention Initiative, are those activities which are designed to deglamourize and diminish the demand for tobacco products.

INCREASES

The FY 1999 goals for the tobacco program are to expand significantly on the outreach and enforcement activities that will be initiated during FY 1998. Implementation and enforcement of FDA's tobacco regulation is a central component of the Administration's Youth Tobacco Prevention Initiative on. With increased funding of $100,000,000 in FY 1999, FDA can ensure fundamental progress in all states (in partnerships with state and local authorities) to reduce young people's use of tobacco products.

FDA will engage primarily in three activities: Compliance Outreach, Enforcement and Product Regulation. A sizeable portion of the funds will be provided to state and local officials who will help enforce the rule by conducting investigations to ensure tobacco products are not sold to minors.

FY 1999 Tobacco Request

Program Area	FY 1998	FY 1999
Compliance Outreach	10,000	+25,000
Enforcement and Evaluation	24,000	+51,000
Product Regulation	0	+24,000

Compliance Outreach -- +$25.0 million

A strong outreach program is one of the most effective ways to increase compliance with this rule. The final rule limits the access that young people have to tobacco products by setting a minimum age of purchase, requiring that retailers check a photo identification of all customers under the age of 27 when purchasing tobacco, banning self-service and vending machine sales, and banning free samples. This rule limits the appeal these products have for young people by imposing stringent advertising restrictions on most advertising media including banning billboards within 1,000 feet of schools and playgrounds, banning all non-tobacco items identified with a tobacco brand, and banning sponsorship of events by tobacco companies. Compliance outreach will ensure that those directly affected by this rule understand what their responsibilities are, why such measures are needed, and what happens to those who fail to comply. Further, it will make it easier for retailers to comply with the rule by giving them useful and eye-catching materials that will remind clerks not to sell to minors and will encourage smokers, age 18 to 27 to cooperate by showing their photo identification.

Goal: Conduct meetings and a multimedia outreach campaign to educate retailers and other stakeholders about their obligations under the FDA tobacco rules and assist retailers in meeting their new responsibilities.

Trade advertising and direct mail targeted to retailers and clerks ($2.0 million)

In FY 1997, FDA focused much of its efforts to informing retailers about the new FDA rule and making it easier for them to comply. Prior to the February 28, 1997, effective date, FDA held a national video conference and a series of regional briefings to introduce the new rule to retailers and others. The Agency also sent a letter from the Commissioner of Food and Drugs to all retailers informing them that the new regulations were about to go into effect and outlining their responsibilities. The Agency developed a brochure especially for retailers and a series of Questions and Answers (Q&As) to respond to specific retailer concerns. FDA established a toll-free telephone number for retailers to call to request these and other free materials. Further, as each new state contracts with FDA to undertake compliance checks, the Agency sends a mailing to all retailers in the state to alert them that compliance checks will soon begin in their own state.

In FY 1998, FDA plans to continue conducting the activities outlined above. In addition, it will:

- Develop and distribute in-store materials to all retailers answering potential questions and reminding them of their responsibilities under the rule, and assisting them in compliance.

- Design and distribute quarterly postcards to remind retailers of their obligations under the FDA tobacco rules.

- Place exhibits at retailer meetings to further emphasize the importance of their role in reducing the level of tobacco use among children.

In FY 1999, FDA plans to expand on the activities outlined above. It will:

- Design and place advertisements in retailer publications as the provisions of the rule go into effect. The advertisements will inform retailers that these measures are now the law and will provide the toll-free number for retailers to call with questions.

- Develop an expanded kit of in-store materials to more than 400,000 retailers. This kit will include such things as a date-checking calendar, additional in-store posters, brochures for clerks, and other materials which may be identified as useful by retailers.

- Distribute bi-monthly postcards reminding retailers of their obligations under the FDA tobacco rules.

- A speaker's bureau will help identify appropriate speakers for retailer events and conferences. FDA will place exhibits at these retailer meetings to further emphasize the importance of their role in reducing the level of tobacco use among children.

Advertising ($20.0 million)

In FY 1997, FDA developed and tested radio, print, and billboard advertisements to remind retailers not to sell to minors and to encourage smokers and others to cooperate as clerks ask for photo identification from all those appearing to be under the age of 27 who want to buy cigarettes or smokeless tobacco.

In FY 1998, FDA began placing a modest level of advertising in a major market within states in which it contracted to have compliance checks conducted.

In FY 1999, FDA plans to intensify its advertising campaign as follows:

- Place advertisements in all states with which it has contracted to have compliance checks conducted. This advertising will remind retailers not to sell to minors and to encourage smokers and others to cooperate as clerks request photo identification from all those

appearing to be under the age of 27 who want to buy cigarettes or smokeless tobacco. Advertising effectivity will increase as the advertisements appear more frequently and in multiple markets within more states.

- Develop and place with retailers new, fresh, advertising and in-store materials.

- Conduct qualitative and quantitative research to evaluate the effectiveness of the advertising and in-store materials. Data gained from this research can then be used to target those areas and types of advertising that are the most effective.

Media and Public Education ($3.0 million)

Community organizations, parent groups, voluntary health groups, and the media can help raise awareness of the tobacco rule and encourage compliance. In addition to conducting outreach and education with retailers and other stakeholders about their responsibilities under the rule, FDA will coordinate public education efforts with state and local public health agencies, voluntary health organizations, the media and others.

In FY 1997, FDA issued a press package and conducted a video satellite tour to announce the rule going into effect. In addition, the Agency issued a series of press releases; held a video conference and regional briefings for all interested parties; produced and distributed brochures about the new rule for the general public; made presentations to national organizations representing health professionals and others; placed exhibits at national meetings, and began translating key materials into Spanish, Chinese, Vietnamese, and Korean.

In FY 1998, FDA will continue to do the above activities. In addition, the Agency will:

- Conduct satellite media tours and editorial boards in each of the 50 states that contract with the Agency to conduct compliance checks. These fora may be used to further educate the public about FDA's rule and role in enforcement of that rule.

- Establish a system whereby the compliance check findings can be searched electronically by the general public. This is consistent with the goal of the Freedom of Information Act, which is intended to make information readily available to the public. This system will provide local communities with the ability to see for themselves how well local retailers are complying with the new regulations.

In FY 1999, FDA plans to continue to do the above activities. In addition, the Agency will:

- Conduct follow-up satellite media tours and editorial boards in each of the 50 states that have contracted with FDA to do compliance checks either six months or one year after the checks have begun. In addition to further educating the public about FDA's rule and role in

enforcement of that rule, these fora may be used to pass on information about the results of compliance within that region.

- Develop, test, and launch a youth-centered program to get the word out to young people that this rule is in place and being enforced. The campaign may include the development of promotional items such as t-shirts or key chains that kids will want to collect and that will promote a "don't buy/don't smoke message."

Enforcement and Evaluation -- +$51.0 million

In FY 1998 resources will primarily be devoted to inspecting retail facilities and taking enforcement actions against those establishments found to have violated the age and ID restrictions.

FDA's rule requires that retailers not sell tobacco products to anyone younger than 18 and that they check a photo identification for anyone younger than 27. FDA will enforce these restrictions by commissioning state and local officials to conduct unannounced purchase attempts using young people under the age of 18. In FY 1997, FDA began the commissioning process with 10 states.

Goal: Contract with all 50 states to conduct monthly unannounced compliance checks of retail establishments that sell tobacco.

Enforcement training is needed for those state and local officials who will be commissioned to enforce FDA's rule. During December 1996 and January 1997, FDA created a new program to help train its regional and district staff, who would in turn be able to train the state and local officials. During March 1997, FDA conducted its "Train the Trainer" session with at least 50 representatives from all 5 Regions and 20 District FDA offices. The training was disseminated through interactive "picturetel", which provided consistent information and optimized the use of headquarters personnel for training while eliminating virtually all potential travel costs. These training sessions were focused solely on those provisions of the tobacco regulations that went into effect on February 28, 1997, which prohibited retailers from selling tobacco products to anyone under 18 and required photo identification for any cigarette or smokeless tobacco customer under the age of 27. The FDA regional staff will train the designated state and local officials as each new state contract is signed, with subsequent training to be conducted by the state and local officials, as the need arises. Headquarter staff are available to answer questions from the field or from states as necessary.

The process for training and commissioning selected state and local officials is in place. The Florida FDA District Office was the first to complete the training of that state's commissioned inspectors in June 1997. The first commissionings took place starting in July 1997. Additional state and local agents will be commissioned in FYs 1998 and 1999. FDA's goal is to enter into contracts with all 50 states, depending on their willingness to do so. Thus far, we have received no indication that any state is reluctant to be less than a full participant in FDA's enforcement efforts.

General Enforcement ($40.0 million)

A key influence on a retailer's decision to comply with a new legal requirement is the extent to which the individual perceives he or she is likely to be found in violation. The Agency has developed a general enforcement strategy aimed at conducting compliance checks in a significant percentage of the approximately 400,000 retail outlets that sell tobacco products. Compliance checks will be conducted by commissioned state and local officials who will enforce the rule to ensure tobacco products are not sold to minors. In FY 1999, FDA has committed to conducting a minimum of 500,000 unannounced compliance checks of retail establishments that sell tobacco. Those retailers who do not make a sale will receive a letter informing them that they are in compliance with the rule.

Follow-up Enforcement ($8.0 million)

- Special Monitoring/Enforcement Project: The plan calls for follow-up letters and visits to violators as well as civil money penalty notices to outlets that are not in compliance following a second inspection. Those retailers that do sell to the minor during a compliance check will receive a letter informing them that they have violated the rule, and that another inspection may occur in the near future. If on a second attempt the retailer still sells to the minor, the Agency will seek to impose a $250 civil money penalty.

- The Agency will develop an enforcement strategy for national chains. FDA will identify the largest retailer chains and conduct compliance checks to see which are the best at complying with the rule and which have the highest violation rates. Based upon the compliance monitoring results, the Agency will consider publicly releasing a rank ordering of the chains. Enforcement actions could be directed against chain headquarters in which violations appear pervasive across state lines. Such actions would hopefully have a deterrent effect on other affected industries and companies.

- Demonstration Projects: Several states have had successful comprehensive tobacco control programs in place for a number of years and may be particularly interested in working with FDA to develop model statewide programs. FDA will pursue establishing demonstrations projects with these states who might be interested in such initiatives. FDA envisions selecting states with both well-funded and relatively poorly-funded programs.

Evaluation ($2.0 million)

FDA will work closely and cooperatively with CDC's Office on Smoking and Health and SAMHSA to conduct surveys to measure compliance with the rule, to monitor buy rates, and to measure success in reducing initiation and use of tobacco by young people. These surveys will be primarily of two types: 1) a national survey of young people to determine initiation, prevalence, buy rates, and actual or attempted buys among other things; and 2) a national field inspection survey in which a random sample of different types of retail establishments will be surveyed for illegal sales. The findings of these surveys would be widely reported and used to determine whether additional

measures are needed, and to motivate directed efforts to address documented high-violation-rate segments of the tobacco-distribution system.

Inquiries and Reporting System

- **Toll-free Number and WEB Site**. The Agency has established a toll-free telephone number to respond to retailers with questions about compliance as well as to receive complaints of violations from individuals. The FDA home page on the Internet also contains information and is designed to receive violation complaints.

- **Correspondence**. The Agency anticipates receiving letters and faxes reporting violations and asking questions. A system will be established to respond rapidly to these inquiries and to forward relevant information to FDA field staff, and to state and local enforcement agencies.

- **Database Creation**. FDA will create a database of all retailers who sell tobacco and designate retailers to be inspected and reinspected to each commissioned state. The reports of the inspection will be faxed to FDA, who will mail a letter to the retailer and a copy to the state and/or locality. The database will be augmented by reports of suspected retailer violations made by citizens using the FDA's toll free hotline and FDA's Internet WEB site. This comprehensive database will be used to record all information concerning violations reported to the Agency and linked (as appropriate) with states and localities to permit useful and timely analysis of violative information.

Other Legal Requirements ($1.0 million)

- The Agency's first official action was to institute a process for receiving and granting preemption waivers for state and localities. FDA's rule may preempt state and local regulations and ordinances. Those that are more stringent than FDA's requirements can be granted an exemption from this preemption. FDA has already published a Federal Register notice informing the states of this preemption and providing them with information about requesting a waiver. A proposed rule was issued on the first groups of waiver requests received related to the February 1997 access provisions.

Product Regulation -- +$24.0 million

Goal: Design and implement a regulatory program for cigarettes and smokeless tobacco products.

In FY 1999, FDA will design and, to the fullest extent permitted under any court orders addressing such activities, begin to implement a regulatory program for cigarettes and smokeless tobacco products under the Food, Drug and Cosmetic Act, including:

- The beginning of the classification of the product pursuant to Section 513 of the Act;
- The beginning of the inspection process by reviewing the practices of tobacco companies and the provision of assistance to the industry in coming into compliance with the requirements of the quality system regulations pursuant to 21 CFR, Part 820;
- The beginning of the appropriate review and analysis of the ingredients and constituents; and
- Establishment of an evaluation and review procedure for new products.

Classification

Section 513 of the Food, Drug and Cosmetic Act establishes a procedure for the classification of devices to determine the level of controls required by the products' characteristics to provide a reasonable level of safety. The issue of appropriate classification for cigarettes and smokeless tobacco products will be presented to a standing panel, composed primarily of experts from outside the Agency, for review and initial classification. The Agency will review the recommendation of the panel, propose an appropriate classification, and publish its decision as a proposed rule, subject to notice and comment. The Agency will analyze the comments received and publish a final classification. This process will begin in FY 1999.

Quality System Regulation

In FY 1999, the Agency will begin the inspection process by reviewing the practices of tobacco companies and will assist the industry in coming into compliance with the requirements of quality system regulations pursuant to 21 CFR, Part 820.

Ingredients and Constituents

In FY 1999, the Agency will begin the process of reviewing and analyzing ingredients used in cigarettes and smokeless tobacco and constituents (tar, nicotine and carbon monoxide) produced by cigarettes during smoking. The Agency will rely on internal and outside expert review.

Evaluation and Review of New Tobacco Products

The Agency will establish a systematic framework for the evaluation and review of new and existing cigarette and smokeless tobacco products.

The increased effort in the arenas of outreach and enforcement activities and the proposed product regulation campaign, coordinated with complimentary activities in the CDC, SAMHSA and NIH, will dramatically enhance the nation's ability to meet its objective of reducing young people's use of tobacco by 50 percent over seven years.

Other Activities

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	86,832	83,297	83,297	84,297	+1,000
Food Safety Initiative				*1,000*	*+1,000*
FTE	953	936	936	946	+10
Food Safety Initiative				*10*	*+10*
User Fees:					
PDUFA: ($000)	4,569	4,569	5,867	6,355	+487
FTE	41	41	41	48	+7
MQSA: ($000)	155	154	154	159	+5
FTE	2	2	2	2	0
Program Level ($000)	91,556	88,020	89,319	90,810	+2,790
FTE	996	979	979	996	+17

*NOTE: Numbers may not add due to rounding.

EXPLANATION OF PROGRAM

RATIONALE FOR BUDGET REQUEST

Justification of Base

This activity provides central program direction and administrative services for Agency programs to ensure that FDA's consumer protection efforts are effectively managed and that available resources are put to the most efficient use. Functions include: providing agency-wide policy development in medical affairs, scientific coordination, regulatory requirements, legislation, planning and evaluation, consumer communications and public information; and also providing management expertise and coordination in financial management, personnel, contracts and grants administration, procurement/property/space control, and communications systems. Other specific programs include Freedom of Information activities, administration of internal controls required under the Federal Managers' Financial Integrity Act, and the Small Business Program, to assist small businesses in carrying out regulatory requirements and in participating in FDA's regulatory decision-making process.

Overall, the Commissioner and the Deputy Commissioners are responsible for the efficient and effective implementation of FDA's mission to protect the public health of the Nation as it may be impaired by foods, drugs, biological products, cosmetics, medical devices, ionizing and non-ionizing

radiation-emitting products and substances, poisons, pesticides, food additives, and nicotine-containing tobacco products. FDA's regulatory functions are geared to insure that: foods are safe, pure, and wholesome; drugs, medical devices, and biological products are safe and effective; cosmetics are harmless; all of the above are honestly and informatively packaged; exposure to potentially injurious radiation is minimized; and the availability and appeal of tobacco products to children and teenagers is limited.

Brief descriptions for each separate office are provided:

The Office of the Commissioner (OC): provides some of the critical leadership and expertise needed to secure and manage the entire Agency including: 1) a full range of legal services in the enforcement of the Federal Food, Drug and Cosmetic Act, and legal advice and policy guidance for all programs administered by FDA; 2) advice and assistance on equal employment opportunity and Civil Rights activities which impact on policy development and execution of program goals; and 3) advice on policy and other agency-level activities and decisions that affect FDA programs, projects, strategies, and initiatives including issues that are sensitive and controversial which impact Agency relations with other Federal agencies and foreign governments.

The Office of Policy (OP): 1) coordinates rulemaking and regulation development activities; reviews proposed regulations, final regulations, and other Agency documents to be published in the Federal Register; and ensures that these documents are appropriately responsive to public participation requirements and applicable executive orders; 2) advises on information that may affect current or proposed FDA policies; 3) advises on the formulation of broad Agency regulatory policy; 4) establishes procedures for Agency policy formulation and monitors policy formulation activities throughout the Agency; 5) proposes and researches policy alternatives; and 6) identifies and researches the impact of FDA policies on national health issues and technological advances.

The Office of External Affairs (OEA): provides critical Agency information to consumers, health professionals, United States Congressional members and staff, international communities, and small businesses. OEA plans, coordinates, and directs all media relations for the Agency. OEA also, solicits views and input from health professional organizations as related to policy and regulation development at FDA to ensure their views are considered in these matters. The Office initiates and provides in-depth analyses of Agency legislative needs and develops position papers for Agency, Congress, and OMB officials. It is responsible for all liaison activities with foreign governments and international entities. OEA serves the public as a resource for information and guidance on policy initiatives and other issues related to serious and life threatening diseases as well as provides focus on and raises awareness of women's health issues. OEA also coordinates the Agency's interactions with external audiences through public participation and outreach activities in an effort to provide the FDA's constituencies an opportunity to contribute to the Agency's decision-making process.

The Office of Management and Systems (OMS): is an integral part of the top FDA management team, providing leadership, guidance, and solutions to Agency management regarding a wide and varied number of management and resource issues. OMS is a customer focused organization,

promoting the management of the Agency's resources in a collaborative, coordinated, and cost effective fashion to support FDA employees and programs. The OMS works to provide a comprehensive program of services concerning facilities, supplies, property management, environmental protection, occupational safety and health, physical security, budget, finance, human resource management, organizational development, information resources, and planning and evaluation. OMS coordinates Agency use of resources, develops program and planning responsibilities, and ensures implementation of policy directives set forth by government-wide initiatives including: Government Performance and Results Act (GPRA) , the Regulatory Flexibility Act, Federal Acquisition Reform Act, Information Technology Management Reform Act, Federal Managers Financial Integrity Act, Chief Financial Officers Act, Government Management Reform Act (GMRA), Federal Financial Managers Improvement Act (FFMIA), and Executive Orders.

The Central Services Account was established to provide cost-effective services common to all centers and offices. It is a combination of many subaccounts which support and enhance the Agency as a whole. The function of the Central Services Account can be described as "one-stop" shopping, wherein many charges are handled from one place and distributed back to each of the Centers and offices. Services include the Service and Supply Fund, which was established to provide common administrative services for the Parklawn complex such as procurement and contract administration; central management of telecommunications services which includes data and voice service; voice lease and purchase and commercial telephones; agency supported training; mail delivery services; centralized payroll services; Department of Labor work-related injury and death benefit compensation; and agency health units and employee assistance programs which provide clinical and counseling services. Services provided through the Central Services Account benefit the Agency through economies of scale, the avoidance of duplication of effort, and increased operational efficiency. The amount indicated for "Other Activities" represents the non-Center Headquarters share of the total central service account.

INCREASES

Food Safety -- +$1.0 million

An increase of $1.0 million is included in the FY 1999 budget request for the Other Activities program. This resource request is on top of the $8.8 million base currently planned for FY 1998 to cover support activities. This base is simply a fair share distribution for the Other Activities category as a percentage of FDA's budget. A portion of the $1.0 million has been requested for each of the Other Activities program areas, with the exception of Central Services, to provide the above described services in support of the Agency's Food Safety Initiative programs.

Prescription Drug User Fees (PDUFA) -- (+$1.8 million and +7 FTE)

In FY 1999, the budget request includes a total of 7 FTE and $1.8 million in the Other Activites program. The revenues generated from the fees paid by the pharmaceutical and biological

prescription drug industries will be dedicated to continuing to improve and expedite the prescription drug application review and approval process.

MQSA -- +$0.2 million

An increase of $0.2 million is included in the FY 1999 budget request for a portion of pay and non-pay costs to maintain the current level of operations in the MQSA program.

Rent Activities

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
Rental Payments to GSA BA ($000) User Fees PDUFA	46,294	46,294	46,294	82,866 5,428	+36,572 +5,428
Rental Payments to GSA Program Level ($000)	**46,294**	**46,294**	**46,294**	**88,294**	**+42,000**
Other Rent & Rent Related Activities ($000)	**24,153**	**25,855**	**25,855**	**27,505**	**+1,650**
Rent Activities Total BA ($000) User Fees	70,447	72,149	72,149	110,371 5,428	+38,222 +5,428
Rent Activities Total Program Level ($000)	**70,447**	**72,149**	**72,149**	**115,799**	**43,650**

*NOTE: Numbers may not add due to rounding.

FDA is requesting a total of $115,799,000 for FY 1999 to cover the costs contained in the Rental Payments to GSA and the Other Rent and Rent Related programs under this section. Below is a description of each line item and a justification of the base and requested increases:

EXPLANATION OF PROGRAM

Rental Payments to GSA:

FDA occupies over 4.1 million net square feet of GSA space, including parking, which is under the Agency's Rental Payments to GSA. The GSA rent charges are billed directly to FDA and indirectly through other agencies, and include the charges for all of FDA's GSA space, both government owned and GSA leased. About 50 percent of the GSA rent charges are for government owned or GSA leased space in the Washington, D.C. area. The largest individual rent charges are for the Parklawn Building complex, Federal Building 8, and Module II in Beltsville. The balance of the charges are for the Agency's field Regional Offices, District Office/Laboratory complexes, and over 130 leased offices which serve as resident posts for strategically placed field investigators.

RATIONALE FOR BUDGET REQUEST

Justification of Base

The FY 1999 base request of $46,294,000 for Rental Payments to GSA is the same as the FY 1998 appropriation. We expect GSA to continue to provide FDA a building delegation allowance of $4.9 million. In accordance with P.L. 104-208, payments to GSA for FY 1998 and FY 1999 are expected to be reduced by an estimated $4.8 million and $4.9 million respectively. This public law gives FDA funds through GSA to provide a range of real property management and operational services within buildings delegated to FDA by GSA. P.L. 104-208, Section 611, cites section 205(d) of the Federal Property and Administrative Services Act of 1949. The funds provided to FDA by GSA only cover the recurring services within a normal eight hour day that GSA would routinely cover in rent charges. Any recurring reimbursable services provided by GSA or a non-Federal source, over and above the normal eight hour day, are paid by FDA out of the Salaries and Expenses appropriation in the S&E Rent & Rent Related Activities account.

INCREASES

For FY 1999, GSA has provided an estimate of FDA's costs of $88,294,000 for Rental Payments to GSA.

Rental Payments to GSA -- +$36.6 million

Since 1995, FDA's appropriation for rental payments to GSA has been $46,294,000. During this period of time, there has been a widening gap between the amount of payments paid to GSA and the amount estimated and billed by GSA. The amount of the differential has grown to over $38,000,000 in FY 1998. The budget requests an additional $36,572,000 to fully finance FDA's rent for its facilities in 49 states, Puerto Rico, and the District of Columbia.

Prescription Drug User Fees -- +$5.4 million

For FY 1999, FDA is seeking to use up to $5.428 million of user fees to defray expected increases in costs for GSA space utilized in support of the user fee portion of the process for the review of human drug applications, in the Rental Payments to GSA account.

Other Rent and Rent Related Activities:

EXPLANATION OF PROGRAM

FDA incurs rent and rent-related costs for facilities within the Salaries and Expenses (S&E) appropriation that are not part of the Rental Payments to GSA, which is a separate appropriation. These costs are identified in three accounts: Commercial Rent & Related Services, GSA Rent-Related Services and GSA Building Delegation Services. Below is a description of each of the accounts within Other Rent and Rent-related Activities:

The Commercial Rent and Related Services account consists of recurring activities that FDA pays directly to non-Federal sources under the delegation of direct lease and service authority. (Note: This also includes recurring services for FDA-owned facilities.) Services include rental of space, and all recurring services for building operation; i.e., utilities; and services such as janitorial, guard, grounds maintenance; and operation and maintenance of heating, ventilation, and air-conditioning (HVAC) systems.

The GSA Rent-Related Services account includes recurring reimbursable services provided by GSA that are over and above the normal eight hours that GSA covers in its rent charges. Services included are security systems, guard services, and HVAC beyond the standard level funded by GSA.

The GSA Building Delegation account provides recurring services and one-time repairs to operate and maintain buildings delegated to FDA by GSA for management of day-to-day operations above GSA's standard level. Services include utilities and all recurring services for building operation, such as janitorial, guard, grounds maintenance, and operation and maintenance of HVAC systems.

RATIONALE FOR BUDGET REQUEST

JUSTIFICATION OF BASE

FDA incurs rent-and rent-related costs for facilities within the Salaries and Expenses appropriation that are not part of the Rental Payments to GSA, which is a separate appropriation. These costs are identified in three accounts: Commercial Rent and Related Services, GSA Rent - Related Services, and GSA Building Delegation Services. The FY 1998 budget includes $25,855,000 for these activities. The Other Rent & Rent-Related activities includes funds for *recurring* services only except for the buildings within FDA's Building Delegation program which includes funds for both *recurring* services and one-time repairs which are not covered by the funds provided by GSA under P.L. 104-208.

INCREASES

Other Rent and Rent Related Costs -- +$1.65 million

For FY 1999, FDA is requesting an increase of $1.65 million for rent related costs. The FY 1998 to FY 1999 increase represents a full year of rent and utilities for new space at the Christopher Columbus Center in Baltimore, MD. as well as other increased costs for full year utilities and service contracts including operation and maintenance, janitorial, guards service, and grounds maintenance of FDA facilities.

Buildings and Facilities

	FY 1997 Actual	FY 1998 Approp.	FY 1998 Current Estimate	FY 1999 Request	Increase/ Decrease
S&E BA ($000)	21,350	21,350	21,350	8,350	-13,000
FTE	0	0	0	0	0
Program Level ($000)	21,350	21,350	21,350	8,350	-13,000
FTE	0	0	0	0	0

EXPLANATION OF PROGRAM

The FDA Buildings and Facilities (B&F) appropriation provides needed repairs and improvements to existing owned or leased facilities nationwide. In addition, as specifically provided, the B&F appropriation funds construction of new FDA special-purpose laboratory facilities.

RATIONALE FOR BUDGET REQUEST

Justification of Base

FDA is requesting base resources of $8,350,000 to provide for minimally required maintenance, repairs and improvements of existing FDA facilities. This funding covers costs of repairs and improvements to facilities, including Washington area headquarters components which are now located in some 40 buildings in fifteen separate locations, five regional offices, 21 field district laboratory/office complexes, including administrative and specialized laboratory facilities nationwide, more than 130 field resident posts, eight field criminal investigation offices, two distinct program laboratory complexes outside the Washington Metro area, and the National Center for Toxicological Research (NCTR) complex in Jefferson, Arkansas.

The Agency's ability to make and support sound scientific-regulatory decisions depends, to a great extent, on modern, well-equipped, optimally functioning facilities. Renovation and improvement costs have increased at a rate of about four percent annually for the last several years. While industry components that FDA regulates spend between nine percent and 12 percent of the value of their physical plants on maintenance, alteration, and repair, FDA has been spending about two percent of the value of its physical plant (laboratories and laboratory support facilities only) for the same purpose.

FDA has an obligation to fund repair and improvement projects designed to eliminate health and safety hazards in Agency laboratories nationwide, but has not always been able to do so because of competing demands for B&F funds. To reduce the number of facilities and associated repair and improvement costs, FDA has formulated facility plans including new construction, expansion, restructuring, and decommissioning, as well as personnel transfer plans which carry out the ORA 21 Laboratory Consolidation goals and coincide with current facility lease expiration dates. Despite these efforts, B&F costs continue to rise due to a number of factors.

While FDA projects a substantial savings from the consolidation of the original existing 18 field laboratories down to nine facilities, there are up front costs associated with the process. The Agency has an obligation under the terms of GSA-held leases, and on FDA-held leases, for field laboratoriess planned for closure under the Agency's ORA 21 field laboratory consolidation plan for decommissioning. This entails a clean up of all known areas where chemical spills occurred or any areas showing positive contamination during post re-location surveys. Expenditure of available funds on such clean-up projects takes large amounts of money away from other needed projects on laboratories being retained by FDA.

Because of bidding conditions prevailing in construction trades related to demand, in some areas of the country there has been an increase in renovation project construction costs far beyond the cost growth predicted from Consumer Price Index escalation. For example, in one project, bids exceeded the architect's estimate by more than 30 percent. The result is that fewer projects can be funded from the available R&I funds.

In addition, the cost of providing physical security for all Federal facilities has increased substantially because of the more stringent recommendations made by the Department of Justice for enhanced security following the bombing of the Murrah Federal building in Oklahoma City, OK.

The following lists the planned repairs and improvements projects for the FY 1999 base of $8,350,000:

1. ORA, Nationwide, - Miscellaneous Repair and Improvement Projects 2,000,000
2. CFSAN, Beltsville, MD - Module I - Miscellaneous Repairs and Improvements 2,500,000
3. ORA, Baltimore, Buffalo, Los Angeles - Decommissioning of Closed Laboratories 1,200,000
4. NCTR, Jefferson, AR. - Miscellaneous Repair and Improvement Projects 1,000,000
5. CBER, Bethesda, MD - Renovations to Buildings 29, 29A and 29B on the NIH Campus (ARL funding restoration) 750,000
6. CDER Beltsville, MD, Beltsville Research Facility Renovations 500,000
7. CDRH, Rockville, MD - Casework and Laboratory Renovations (includes partial ARL funding restoration) 200,000

8. CVM, Beltsville, MD - Renovations to MOD II. 200,000
TOTAL $8,350,000

Status of FDA Field Laboratory Consolidation

In 1994, FDA received approval from the Secretary of Health and Human Services to proceed with streamlining ORA field laboratory operations by closing nine of eighteen laboratories and consolidating resources into a more efficient network of five large multi-purpose laboratories in Seattle, Washington; Los Angeles, California; Jefferson, Arkansas; New York, New York; and Atlanta, Georgia; and four specialty laboratories in San Juan, Puerto Rico; Winchester, Massachusetts; Philadelphia, Pennsylvania; and Cincinnati, Ohio. Over a 20-year period, thru 2014. FDA projects costs savings to the government of over $100 million from laboratory consolidation, based on the FY 1997 annual review and updated cost estimates, namely rents and operating outlays. FDA will maintain inspection, public affairs and enforcement operations at the current District offices and resident posts.

In FYs 1995 through 1998, FDA received appropriations for the design and land acquisition for the Los Angeles and Arkansas new facilities; and the construction of the Arkansas Regional Laboratory (ARL) Phases I and II.

Currently FDA has formulated plans and is proceeding with new construction, expansion, restructuring, and decommissioning, as well as personnel transfer plans which carry out the ORA 21 Laboratory Consolidation goals and coincide with current facility lease expiration dates.

In FY 1997, three FDA laboratories -- Buffalo, Chicago and Cincinnati -- were closed and two laboratories -- Philadelphia and Winchester, MA -- restructured. The FY 1997 work plan comprehensively transferred the corresponding analytical programs and resources to the respective multi-purpose or specialty laboratories. In FY 1998 the New Orleans laboratory is scheduled to close.

ORA 21 Multi-purpose Laboratoriess:

Arkansas Regional Laboratory. In FY 1995, Congress authorized $2,500,000 for A&E design for the ARL. The ARL A&E design was completed in March 1996. In FY 1996, $3,800,000 was appropriated for the joint ARL/NCTR facility. The FY 1996 funds were used for A&E design items including construction of an animal quarantine facility and preparation of space for an ORA Dioxin laboratory facility. Total ARL laboratory construction is now estimated at $37,900,000. Phase I construction funds of $13,000,000 were approved in FY 1997. In FY 1998, $14,550,000 was approved to complete Phase II - the fit out of Arkansas Regional laboratory. Despite the high priority of other projects, especially repairs and improvements of existing facilities, FDA is committed to completing the ARL. Therefore, FDA has requested approval to reprogram up to $10.4 million of B&F funds from lower priority R&I projects to complete the laboratory construction. The

reprogramming is necessary because the construction bids were considerably more than the outside, professional architect's original estimates. The Agency long-term plan includes Phase III of the project which includes the renovation of the existing Building 50 in its entirety for joint ORA and NCTR administrative use and completes the restoration of the site. The FY 1999 budget does not include funds for this purpose.

Due to the Chicago laboratory closure on July 1, 1997, Chicago's dioxin program, (five FTE), the high resolution mass spectrometer, (valued at $450,000), and associated glassware and supplies were moved into an interim laboratory facility. The interim laboratory facility is renovated space located in NCTR's Building 14 and ORA started operations at the dioxin laboratory in late summer 1997. ARL is anticipated to have 10-12 staff in Jefferson, Arkansas, during 1997-1999. Other ORA personnel, programs and equipment are scheduled for transfer upon their lease expiration dates. Laboratories in Detroit, Minneapolis and Dallas will be transferred to ARL during 1999 and 2000, and Denver and Kansas City during 2010-2014.

New York - Northeast Regional Laboratory, Northeast Regional Office and New York District Office - Jamaica, Queens. An authorization for prospectus was approved in 1994 with a delineated area in the Borough of Queens. An A&E Program of Requirements was prepared for 75,000 net square feet of laboratory space and 100,000 net square feet for the regional and district office facility. In FY 1996, GSA/FDA finalized negotiations for the 4.5 acre site at York College, Jamaica Queens. GSA had intended to award the lease by April 1997, however, the lead offeror rescinded his proposal. GSA went to other offerors to continue the project and recently signed a contract to construct the facility. Work started on the new facility in January of 1998. FDA occupancy has been scheduled for late 1999.

Los Angeles-University of California at Irvine. In FY 1995, $9,800,000 was appropriated for A&E design and land acquisition. FDA, through the Corps of Engineers, awarded an A&E design contract, and acquired 10 acres of land, at University of California at Irvine. FDA and the A&E firm have developed a design concept for the replacement laboratory, which is planned to house 75 laboratory staff and support personnel, estimated at $28,500,000. Design work will be completed by June, 1998.

Southeast Regional Laboratory. In FY 1996, GSA issued a sole source Solicitation for Offer to construct 42,000 net square feet of laboratory and laboratory support space adjoining the current FDA complex at 8th and Peachtree Streets. The ground breaking ceremony occurred in January 1997. GSA accepted beneficial occupancy of the facility in December, 1997 and FDA expects to begin laboratory operations in February, 1998.

Seattle Laboratory. In FY 1996, the project to expand the laboratory by 5,000 net square feet was completed.

ORA 21 Specialty Laboratoriess:

Cincinnati - National Forensics Chemistry Center and Cincinnati District Office. The required decommissioning of the current facility began in 1996. A prospectus was approved for 31,170 net square feet laboratory space and 13,930 net square feet office space. Ground breaking occurred in October 1996. Construction is 40 percent complete and FDA occupancy is scheduled for August 1998.

Philadelphia. GSA expanded the U.S. Customhouse facility in Philadelphia by 8,378 square feet to accommodate 16-20 additional laboratory staff. FDA occupied new space on floors 10 and 12 and the new laboratory is fully staffed and operational.

San Juan. FDA will renovate and expand the facility to house 20-25 total laboratory employees by the year 2000.

Winchester. FDA building and facility funds were used to establish an American Association for Accreditation of Laboratory Animal Care, or AAALAC, facility. An additional AAALAC facility was delivered and set up is expected by February 1998.

Other Field Laboratory Consolidation Activities:

Decommissioning: Decommissioning schedules have been established for each closing laboratory upon lease expiration. In FY 1998, decommissioning activities will commence for Dallas, Minneapolis, New Orleans and Detroit.

Status of FDA Headquarters Consolidation

Overview. FDA is currently in approximately 40 buildings in more than 18 locations. Consolidation of the Food and Drug Administration's headquarters' programs, the long-held priority of Agency officials, was made possible when Congress passed the FDA Revitalization Act (P.L. 101-635) in 1990, which called for consolidation of area programs and authorized the Administrator of the General Services Administration (GSA) and the Secretary of Health and Human Services to work toward that end. In all cases funding is through GSA appropriations.

On March 15, 1994, the Office of Management and Budget approved a consolidation plan for the headquarters programs of the FDA that called for laboratory, office and support space to be located in Montgomery County, and Prince George's County, Maryland.

Construction of FDA Headquarters (White Oak). Original funding for the Montgomery County project was $325 million. A significant portion, $228 million, was included in the rescission bill signed by the President in July 1995, thus restricting work to macro-programming, development of a site master plan, and special studies. To date, approximately $7 million out of the available $16.92 million appropriated to GSA for Montgomery County has been spent on programming, special

studies, and design services. In FY 1997, $10 million was appropriated to GSA for demolition of existing buildings and hazardous waste removal. In recognition of Congressional opposition to the cost of the project, a work group from FDA, GSA and the design architect firm formulated a downsized consolidation project. The decision to terminate Navy programs at the White Oak Naval Surface Warfare Center made the site available to GSA for use as the FDA consolidation site in Montgomery County. A public hearing on the draft environmental impact statement was held on April 16, 1996. The final environmental impact statement was issued in April 1997, followed by a record of decision on June 26, 1997. The Architect/Engineer firm for the Montgomery County consolidation completed macro-programming, master planning, and special site studies in mid 1997. The site master plan was approved by the National Capitol Planning Commission (NCPC) on June 26, 1997. The total project cost, as approved by NCPC, is approximately $485 million. In June 1997, GSA received proposals from offerors representing prospective developers for a public/private partnership arrangement for the development of the White Oak site. A contract was awarded to LaSalle Partners in joint venture with Moore and Associates in August of 1997. These firms are currently engaged in the development of a "business plan" which will outline for the Congress how the White Oak site can be developed to provide for both FDA consolidation and private sector uses as well. The business plan is expected to show soon that private sector development on the site could possibly generate a funding stream that could reduce the amount of appropriated funds needed for consolidation of FDA facilities at that site.

Construction of FDA Headquarters (Prince George's County). Full funding, consisting of $84 million for the Prince's County project was secured in the GSA budget in FY 1996. As part of the consolidation project, a Memorandum of Agreement between the University of Maryland and the FDA was signed of April 15, 1996, creating the Joint Institute for Food Safety and Applied Nutrition (JIFSAN). JIFSAN was created to form a partnership program to conduct collaborative research dealing with mission-related activities. The new facility will be FDA leased, government owned, and will house the consolidated offices and activities of CFSAN and CVM. The new building will provide state-of-the-art laboratories for CFSAN and JIFSAN researchers. GSA, acting on behalf of FDA, selected a site near the College Park Metro station for the facility, and acquired the site at a cost of $4.5 million. The foundation construction contract was awarded on September 24, 1997. The project is scheduled for completion in late 2000 or early 2001.

Construction of FDA facilities at Columbus Center (Baltimore, Maryland). In FY 1996, $5 million was appropriated to the GSA for the first year's lease and build-out of space for FDA in the Columbus Center in Baltimore, Maryland. The Molecular Biology and Seafood Toxins groups of FDA's CFSAN will occupy 20,000 net square feet located on three levels in the center. The GSA has delegated lease authority to the FDA. At FDA's request GSA transferred $4 million in funding in FY 1996 for the project. FDA will request the transfer of the remaining funding in FY 1998. The 20 year lease agreement, in 10 year renewable increments, was signed with the Columbus Center in September 1996. The design for the FDA space is approximately 95 percent complete. A construction cost estimate, based upon 90 percent complete architectural and 50 percent complete engineering drawings, was completed by the Columbus Center's contractor. The estimate shows the project to be about five percent over budget. Occupancy is projected for November 1998.

FOOD AND DRUG ADMINISTRATION
Authorizing Legislation
(Dollars in thousands)

	FY 1997 Actual Oblig.	FY 1998 Current Estimate	FY 1999 Estimate
Authorizing Legislation:			
Federal Food, Drug and Cosmetic Act	$875,542	$955,509	$1,142,675
Fair Packaging and Labeling Act	141	141	141
Import Milk Act	7	7	7
Public Health Service Act	121,202	120,440	120,657
Total	$996,892	$1,076,097	$1,263,480

FOOD AND DRUG ADMINISTRATION
Distribution of Resources -- Program Level (BA + User Fees)

	FY 1997 Actuals		FY 1998 Current Est.		FY 1999 Request	
	$	FTE	$	FTE	$	FTE
FOODS						
Chemical Safety of Foods	$66,476	774	$67,361	733	$79,806	778
Microbiological Safety of Foods	96,880	1,128	111,289	1,211	142,870	1,391
Nutrient Quality and Food Labeling	21,643	252	21,504	234	22,364	234
Cosmetics Safety and Labeling	6,184	72	3,676	40	3,676	40
Total, Food Safety and Cosmetics	**191,183**	**2,226**	**203,830**	**2,218**	**248,717**	**2,443**
HUMAN DRUGS						
Bioresearch Monitoring	17,174	177	17,542	182	17,811	186
Generic Drug Evaluation	34,183	351	34,883	351	34,883	351
Prescription Drug Advertising & Labeling	4,840	43	5,761	44	5,945	48
New Drug Evaluation	132,457	1,213	156,315	1,249	160,799	1,323
Drug Quality Assurance	45,820	546	45,820	546	45,820	546
Over-the-Counter Drug Evaluation	8,958	82	10,571	84	10,888	90
Postmarketing Surveillance & Epidem	8,610	78	10,191	80	10,499	85
Health Fraud	2,373	25	2,673	25	2,753	26
Total, Human Drugs	**254,415**	**2,515**	**283,756**	**2,561**	**289,398**	**2,655**
BIOLOGICS						
Vaccines and Allergenics	43,156	376	48,355	420	49,213	424
Blood and Blood Products	38,943	340	33,420	290	33,751	291
Therapeutics	40,541	354	41,110	357	41,928	362
Total, Biologics	**122,640**	**1,070**	**122,885**	**1,067**	**124,892**	**1,077**
ANIMAL DRUGS & FEEDS						
Pre-Approval Evaluation	17,239	182	18,044	184	18,906	186
Monitoring of Marketed Drugs & Feeds	18,977	200	23,929	244	26,068	257
Total, Animal Drugs and Feeds	**36,216**	**382**	**41,973**	**428**	**44,974**	**443**
TOTAL, DRUGS	**413,271**	**3,967**	**448,614**	**4,056**	**459,264**	**4,175**
MEDICAL & RADIOLOGICAL DEVICES						
Postmarket Assurance	14,704	175	14,644	163	14,590	163
Compliance	42,830	459	38,172	416	38,152	416
Product Evaluation	52,745	638	55,264	620	55,035	620
Science	10,680	126	10,928	121	10,890	121
MQSA Authority	24,946	116	24,161	111	24,580	111
RCHSA Authority	13,916	153	12,724	139	12,707	139
Total, Medical & Radiological Devices	**159,821**	**1,667**	**155,892**	**1,569**	**155,955**	**1,569**
NCTR						
Integrated Research	13,410	94	12,742	92	13,579	97
Methods Development	18,519	129	18,337	133	18,000	128
Total, NCTR	**31,929**	**223**	**31,079**	**225**	**31,579**	**225**
TOBACCO	**4,914**	**21**	**34,000**	**25**	**134,000**	**50**

FOOD AND DRUG ADMINISTRATION
Distribution of Resources -- Program Level (BA + User Fees)

	FY 1997 Actuals		FY 1998 Current Est.		FY 1999 Request	
	$	FTE	$	FTE	$	FTE
OTHER ACTIVITIES						
Office of the Commissioner	11,686	135	12,053	134	12,262	136
Office of Policy	2,702	36	2,925	35	3,125	37
Office of External Affairs	15,572	196	15,352	189	15,552	191
Office of Operations/Orphans	3,489	34	3,559	34	3,659	35
Office of Management & Systems	49,615	595	46,699	587	47,482	597
Central Services	8,492	0	8,730	0	8,730	0
Total, Other Activities	**91,556**	**996**	**89,319**	**979**	**90,810**	**996**
OTHER RENT & RENT-RELATED ACTIVITIES	**24,153**	**0**	**25,855**	**0**	**27,505**	**0**
TOTAL, SALARIES & EXPENSES	**$916,827**	**9,100**	**$988,589**	**9,072**	**$1,147,830**	**9,458**
GSA Rent	**46,294**	**0**	**46,294**	**0**	**88,294**	**0**
Buildings & Facilities	**14,515**	**0**	**21,350**	**0**	**8,350**	**0**
SUBTOTAL, FDA	**$977,636**	**9,100**	**$1,056,233**	**9,072**	**$1,244,474**	**9,458**
Certification Fund	4,222	41	3,654	36	3,764	36
FOIA	967	0	1,000	0	1,030	0
Exports	493	0	2,000	8	1,000	8
Reimbursable FTEs	13,574	30	13,211	28	13,211	28
CRADAs	113	0	750	0	750	0
TOTAL, FDA	**$997,005**	**9,171**	**$1,076,848**	**9,144**	**$1,264,229**	**9,530**

Note: Totals may not add due to rounding.

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- Program Level
FY 1997 - FY 1999
(Dollars in Thousands)

	FY 1997 Actuals	FY 1998 Approp.	FY 1998 Current Est.	FY 1999 Request
Pay Costs				
11.1 Full-time permanent	$474,725	$504,493	$504,494	$553,405
11.3 Other than full-time permanent	29,932	28,114	28,114	30,436
11.5 Other personnel compensation	16,347	15,242	15,242	16,501
11.8 Special personal services pay	0	113	113	123
11.9 Total Personnel Compensation	521,004	547,962	547,963	600,465
12.1 Civilian personnel benefits	116,043	120,826	120,826	132,263
13.0 Benefits former personnel	29	27	27	29
Total, Pay Costs	**637,076**	**668,815**	**668,816**	**732,757**
21.0 Travel & transportation of persons	19,798	18,370	20,351	23,446
22.0 Transportation of things	1,828	1,799	1,829	2,092
23.1 Rent payments to GSA	42,469	47,423	47,423	84,408
23.2 Rent payments to others	5,421	5,324	5,342	6,144
23.3 Communications, utilities & misc charge	26,236	25,182	26,490	30,030
24.0 Printing & reproduction	2,763	2,724	2,814	3,201
25.1 Consulting Services	12,513	11,558	13,970	15,744
25.2 Other services	34,618	54,522	58,820	122,750
25.3 Purchases of Goods & Services	47,403	45,439	48,005	54,550
25.4 Operation & Maintenance of Facilities	28,906	38,199	38,224	43,519
25.5 Research & Development Contracts	19,936	19,612	20,226	22,881
25.6 Medical Care	0	0	0	0
25.7 Operation & Maintenance of Equipment	28,374	25,226	31,292	35,252
25.8 Subsistence & Support of Persons	6	6	6	7
Subtotal Contractual (O.C. 25)	**171,756**	**194,563**	**210,544**	**294,703**
26.0 Supplies & materials	21,344	21,723	24,874	27,089
31.0 Equipment	31,228	30,931	34,271	37,880
32.0 Land & structure	17,244	14,600	14,615	69
33.0 Investment & Loans	0	0	0	0
41.0 Grants, subsidies, & contributions	18,409	18,068	18,071	20,791
42.0 Insurance claims & indemnities	1,433	1,408	1,408	1,620
Subtotal Non-pay Costs	**359,929**	**382,115**	**408,032**	**531,473**
99.0 Total, FDA (Budget Authority)	**$997,005**	**$1,050,930**	**$1,076,848**	**$1,264,230**
FTEs	***9,171***	***9,144***	***9,144***	***9,530***

Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- Budget Authority (BA)
FY 1997 - FY 1999
(Dollars in Thousands)

		FY 1997 Actuals	FY 1998 Current Est. 1/	FY 1999 Request
Pay Costs				
11.1	Full-time permanent	$415,296	$441,342	$412,148
11.3	Other than full-time permanent	29,892	28,072	26,211
11.5	Other personnel compensation	16,318	15,211	14,203
11.8	Special personal services pay	0	113	106
11.9	Total Personnel Compensation	461,506	484,738	452,668
12.1	Civilian personnel benefits	104,196	108,253	101,086
13.0	Benefits former personnel	29	27	25
	Total, Pay Costs	**565,731**	**593,018**	**553,779**
21.0	Travel & transportation of persons	16,920	16,609	16,650
22.0	Transportation of things	1,796	1,763	1,767
23.1	Rent payments to GSA	41,732	41,732	78,512
23.2	Rent payments to others	5,403	5,304	5,317
23.3	Communications, utilities & misc charges	24,122	23,686	23,642
24.0	Printing & reproduction	2,670	2,621	2,627
25.1	Consulting Services	9,592	9,416	9,439
25.2	Other services	25,120	39,656	99,754
25.3	Purchases of Goods & Services	41,707	40,685	40,785
25.4	Operation & Maintenance of Facilities	25,696	35,131	36,555
25.5	Research & Development Contracts	18,372	18,034	18,079
25.6	Medical Care	0	0	0
25.7	Operation & Maintenance of Equipment	21,367	20,755	20,806
25.8	Subsistence & Support of Persons	6	6	6
	Subtotal Contractual (O.C. 25)	**141,860**	**163,683**	**225,424**
26.0	Supplies & materials	17,266	16,934	17,026
31.0	Equipment	26,275	25,836	25,899
32.0	Land & structure	17,233	14,587	37
33.0	Investment & Loans	0	0	0
41.0	Grants, subsidies, & contributions	18,307	17,970	18,015
42.0	Insurance claims & indemnities	1,428	1,402	1,405
	Subtotal Non-pay Costs	**315,012**	**332,127**	**416,321**
99.0	**Total, FDA (Budget Authority)**	**$880,743**	**$925,145**	**$970,100**
	FTEs	***8,354***	***8,319***	***7,402***

1/ FY 1998 Current Estimate equals the FY 1998 Appropriation.

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- User Fees & Reimbursables
FY 1997 -- Actuals
(Dollars in Thousands)

	PDUFA	MQSA	Cert./FOIA	Exports	Reimb.	CRADAs	Total
Pay Costs							
11.1 Full-time permanent	$51,659	$2,902	$2,616	$49	$2,203	$0	$59,429
11.3 Other than full-time permanent	0	0	40	0	0	0	40
11.5 Other personnel compensation	0	0	29	0	0	0	29
11.8 Special personal services pay	0	0	0	0	0	0	0
11.9 Total Personnel Compensation	51,659	2,902	2,685	49	2,203	0	59,498
12.1 Civilian personnel benefits	10,380	582	590	10	285	0	11,847
13.0 Benefits former personnel	0	0	0	0	0	0	0
Total, Pay Costs	**62,039**	**3,484**	**3,275**	**59**	**2,488**	**0**	**71,345**
21.0 Travel & transportation of persons	2,247	238	23	0	370	0	2,878
22.0 Transportation of things	23	0	0	0	9	0	32
23.1 Rent payments to GSA	0	0	737	0	0	0	737
23.2 Rent payments to others	14	0	0	0	4	0	18
23.3 Communications, utilities & misc charges	1,391	72	93	0	558	0	2,114
24.0 Printing & reproduction	68	6	2	0	17	0	93
25.1 Consulting Services	2,425	199	0	0	297	0	2,921
25.2 Other services	1,371	7,523	171	0	433	0	9,498
25.3 Purchases of Goods & Services	2,641	74	26	0	2,930	25	5,696
25.4 Operation & Maintenance of Facilities	19	2	5	0	3,184	0	3,210
25.5 Research & Development Contracts	466	0	49	0	1,049	0	1,564
25.6 Medical Care	0	0	0	0	0	0	0
25.7 Operation & Maintenance of Equipment	6,491	0	154	232	130	0	7,007
25.8 Subsistence & Support of Persons	0	0	0	0	0	0	0
Subtotal Contractual (O.C. 25)	**13,413**	**7,798**	**405**	**232**	**8,023**	**25**	**29,896**
26.0 Supplies & materials	2,390	1	421	73	1,108	85	4,078
31.0 Equipment	2,691	1,000	233	129	897	3	4,953
32.0 Land & structure	11	0	0	0	0	0	11
33.0 Investment & Loans	0	0	0	0	0	0	0
41.0 Grants, subsidies, & contributions	2	0	0	0	100	0	102
42.0 Insurance claims & indemnities	0	5	0	0	0	0	5
Subtotal Non-pay Costs	**22,250**	**9,120**	**1,914**	**434**	**11,086**	**113**	**44,917**
99.0 Total, FDA (Budget Authority)	**$84,289**	**$12,604**	**$5,189**	**$493**	**$13,574**	**$113**	**$116,262**
FTEs	***696***	***50***	***41***	***0***	***30***	***0***	***817***

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- User Fees & Reimbursables
FY 1998 -- Appropriation
(Dollars in Thousands)

	PDUFA	MQSA	Cert./FOIA	Exports	Reimb.	CRADAs	Total
Pay Costs							
11.1 Full-time permanent	$54,280	$3,219	$2,740	$591	$2,321	$0	$63,151
11.3 Other than full-time permanent	0	0	42	0	0	0	42
11.5 Other personnel compensation	0	0	31	0	0	0	31
11.8 Special personal services pay	0	0	0	0	0	0	0
11.9 Total Personnel Compensation	54,280	3,219	2,813	591	2,321	0	63,224
12.1 Civilian personnel benefits	10,890	646	618	119	300	0	12,573
13.0 Benefits former personnel	0	0	0	0	0	0	0
Total, Pay Costs	**65,170**	**3,865**	**3,431**	**710**	**2,621**	**0**	**75,797**
21.0 Travel & transportation of persons	1,129	264	15	0	353	0	1,761
22.0 Transportation of things	27	0	0	0	9	0	36
23.1 Rent payments to GSA	5,220	0	471	0	0	0	5,691
23.2 Rent payments to others	16	0	0	0	4	0	20
23.3 Communications, utilities & misc charges	825	80	59	0	533	0	1,496
24.0 Printing & reproduction	80	7	1	0	16	0	103
25.1 Consulting Services	1,637	220	0	0	284	0	2,142
25.2 Other services	5,410	8,332	110	600	414	0	14,866
25.3 Purchases of Goods & Services	1,690	82	17	0	2,799	166	4,754
25.4 Operation & Maintenance of Facilities	22	2	3	0	3,041	0	3,068
25.5 Research & Development Contracts	545	0	31	0	1,002	0	1,578
25.6 Medical Care	0	0	0	0	0	0	0
25.7 Operation & Maintenance of Equipment	3,789	0	98	460	124	0	4,471
25.8 Subsistence & Support of Persons	0	0	0	0	0	0	0
Subtotal Contractual (O.C. 25)	**13,094**	**8,637**	**259**	**1,060**	**7,664**	**166**	**30,880**
26.0 Supplies & materials	2,796	1	269	100	1,058	564	4,789
31.0 Equipment	2,832	1,108	149	130	857	20	5,095
32.0 Land & structure	13	0	0	0	0	0	13
33.0 Investment & Loans	0	0	0	0	0	0	0
41.0 Grants, subsidies, & contributions	2	0	0	0	96	0	98
42.0 Insurance claims & indemnities	0	6	0	0	0	0	6
Subtotal Non-pay Costs	**26,034**	**10,101**	**1,223**	**1,290**	**10,590**	**750**	**49,988**
99.0 Total, FDA (Budget Authority)	**$91,204**	**$13,966**	**$4,654**	**$2,000**	**$13,211**	**$750**	**$125,785**
FTEs	***700***	***53***	***36***	***8***	***28***	***0***	***825***

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- User Fees & Reimbursables
FY 1998 -- Current Estimate
(Dollars in Thousands)

	PDUFA	MQSA	Cert./FOIA	Exports	Reimb.	CRADAs	Total
Pay Costs							
11.1 Full-time permanent	$54,281	$3,219	$2,740	$591	$2,321	$0	$63,152
11.3 Other than full-time permanent	0	0	42	0	0	0	42
11.5 Other personnel compensation	0	0	31	0	0	0	31
11.8 Special personal services pay	0	0	0	0	0	0	0
11.9 Total Personnel Compensation	54,281	3,219	2,813	591	2,321	0	63,225
12.1 Civilian personnel benefits	10,890	646	618	119	300	0	12,573
13.0 Benefits former personnel	0	0	0	0	0	0	0
Total, Pay Costs	**65,171**	**3,865**	**3,431**	**710**	**2,621**	**0**	**75,798**
21.0 Travel & transportation of persons	3,110	264	15	0	353	0	3,742
22.0 Transportation of things	57	0	0	0	9	0	66
23.1 Rent payments to GSA	5,220	0	471	0	0	0	5,691
23.2 Rent payments to others	34	0	0	0	4	0	38
23.3 Communications, utilities & misc charges	2,133	80	59	0	533	0	2,804
24.0 Printing & reproduction	170	7	1	0	16	0	193
25.1 Consulting Services	4,049	220	0	0	284	0	4,554
25.2 Other services	9,708	8,332	110	600	414	0	19,164
25.3 Purchases of Goods & Services	4,256	82	17	0	2,799	166	7,320
25.4 Operation & Maintenance of Facilities	47	2	3	0	3,041	0	3,093
25.5 Research & Development Contracts	1,159	0	31	0	1,002	0	2,192
25.6 Medical Care	0	0	0	0	0	0	0
25.7 Operation & Maintenance of Equipment	9,855	0	98	460	124	0	10,537
25.8 Subsistence & Support of Persons	0	0	0	0	0	0	0
Subtotal Contractual (O.C. 25)	**29,075**	**8,637**	**259**	**1,060**	**7,664**	**166**	**46,861**
26.0 Supplies & materials	5,947	1	269	100	1,058	564	7,940
31.0 Equipment	6,172	1,108	149	130	857	20	8,435
32.0 Land & structure	28	0	0	0	0	0	28
33.0 Investment & Loans	0	0	0	0	0	0	0
41.0 Grants, subsidies, & contributions	5	0	0	0	96	0	101
42.0 Insurance claims & indemnities	0	6	0	0	0	0	6
Subtotal Non-pay Costs	**51,951**	**10,101**	**1,223**	**1,290**	**10,590**	**750**	**75,905**
99.0 Total, FDA (Budget Authority)	**$117,122**	**$13,966**	**$4,654**	**$2,000**	**$13,211**	**$750**	**$151,703**
FTEs	***700***	***53***	***36***	***8***	***28***	***0***	***825***

FOOD AND DRUG ADMINISTRATION
Object Class Distribution -- User Fees & Reimbursables
FY 1999 -- Request
(Dollars in Thousands)

	PDUFA	MQSA	Cert./FOIA	Exports	Reimb.	CRADAs	Proposed UF	Total
Pay Costs								
11.1 Full-time permanent	$66,637	$3,373	$2,858	$310	$2,432	$0	$65,647	$141,257
11.3 Other than full-time permanent	0	0	44	0	0	0	4,181	4,225
11.5 Other personnel compensation	0	0	32	0	0	0	2,266	2,298
11.8 Special personal services pay	0	0	0	0	0	0	17	17
11.9 Total Personnel Compensation	66,637	3,373	2,934	310	2,432	0	72,111	147,797
12.1 Civilian personnel benefits	13,369	677	644	62	315	0	16,110	31,177
13.0 Benefits former personnel	0	0	0	0	0	0	4	4
Total, Pay Costs	**80,006**	**4,050**	**3,578**	**372**	**2,747**	**0**	**88,225**	**178,978**
21.0 Travel & transportation of persons	3,688	270	15	0	349	0	2,474	6,796
22.0 Transportation of things	54	0	0	0	8	0	263	325
23.1 Rent payments to GSA	5,428	0	468	0	0	0	0	5,896
23.2 Rent payments to others	33	0	0	0	4	0	790	827
23.3 Communications, utilities & misc charges	2,431	82	59	0	527	0	3,289	6,388
24.0 Printing & reproduction	160	7	1	0	16	0	390	574
25.1 Consulting Services	4,397	226	0	0	280	0	1,402	6,305
25.2 Other services	7,757	8,524	109	292	409	0	5,905	22,996
25.3 Purchases of Goods & Services	4,672	84	17	0	2,766	166	6,060	13,765
25.4 Operation & Maintenance of Facilities	45	2	3	0	3,005	0	3,909	6,964
25.5 Research & Development Contracts	1,095	0	31	0	990	0	2,686	4,802
25.6 Medical Care	0	0	0	0	0	0	0	0
25.7 Operation & Maintenance of Equipment	10,910	0	98	224	123	0	3,091	14,446
25.8 Subsistence & Support of Persons	0	0	0	0	0	0	1	1
Subtotal Contractual (O.C. 25)	**28,876**	**8,836**	**258**	**516**	**7,573**	**166**	**23,054**	**69,279**
26.0 Supplies & materials	5,614	1	267	49	1,046	564	2,522	10,063
31.0 Equipment	5,952	1,133	148	63	847	20	3,818	11,981
32.0 Land & structure	26	0	0	0	0	0	6	32
33.0 Investment & Loans	0	0	0	0	0	0	0	0
41.0 Grants, subsidies, & contributions	5	0	0	0	94	0	2,677	2,776
42.0 Insurance claims & indemnities	0	6	0	0	0	0	209	215
Subtotal Non-pay Costs	**52,267**	**10,335**	**1,216**	**628**	**10,464**	**750**	**39,492**	**115,152**
99.0 Total, FDA (Budget Authority)	**$132,273**	**$14,385**	**$4,794**	**$1,000**	**$13,211**	**$750**	**$127,717**	**$294,130**
FTEs	***820***	***53***	***36***	***8***	***28***	***0***	***1,183***	***2,128***

Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

FOOD AND DRUG ADMINISTRATION

Amounts Available for Obligation
(Dollars in thousands)

	FY 1997 Actual	FY 1998 Current Est.	FY 1999 Request
Appropriation:			
Annual	887,826	925,895	971,000
Subtotal:			
Adjusted appropriation	887,826	925,895	971,000
Real transfer to:			
SAMHSA for methadone program			(900)
Subtotal:			
Adjusted budget authority	887,826	925,895	970,100
Offsetting collections from: 1/			
Non-Federal Sources	107,153	166,609	149,608
Federal Funds	11,330	0	11,330
Unobligated balance start of year	54,247	68,749	42,379
Unobligated balance end of year	(68,399)	(42,379)	(42,379)
Unobligated balance lapsing	(77)	0	0
Total Obligations	**$992,080**	**$1,118,874**	**$1,131,038**

1/ Excludes the following amunts for reimbursable activities carried out by this account: 1997 -- $13,574,000 and 30 FTE; 1998 and 1999 -- $13,211,000 and 28 FTE. Also excludes Certification Fund/FOIA: 1997 -- $5,189,000 and 41 FTE; 1998 -- $4,654,000 and 36 FTE; and 1999 -- $4,794,000 and 36 FTE.

FOOD AND DRUG ADMINISTRATION

Total Resources Available

	1997 Actual		1998 Current Estimate		1999 Request	
	FTE	$000	FTE	$000	FTE	$000
Salaries and Expenses	8,354	$819,934	8,319	$857,501	7,402	$878,885
User Fees 1/	746	97,499	761	133,836	2,064	275,375
GSA Rental Payments	0	46,294	0	46,294	0	82,866
Buildings and Facilities	0	14,515	0	21,350	0	8,350
Subtotal, Direct	**9,100**	**$978,242**	**9,080**	**$1,058,981**	**9,466**	**$1,245,476**
CRADAS 2/	0	113	0	750	0	750
Buildings & Facilities Carryover	0	19,432	0	26,267	0	0
Advances and Reimbursements	30	13,574	28	13,211	28	13,211
Certification Fund/FOIA 3/	41	5,189	36	4,654	36	4,794
TOTAL , FDA RESOURCES	**9,171**	**$1,016,550**	**9,144**	**$1,103,863**	**9,530**	**$1,264,230**

1/ User Fees are as follows: FY 1997 -- $84,289,000 PDUFA $12,604,000 MQSA, $493,000 Exports; FY 1998 -- $117,122,000 for PDUFA (which includes proposed supplemental of $25,918,000), $13,966,000 for MQSA; $2,000,000 for Exports; FY 1999 -- $132,273,000 PDUFA, $14,385,000 MQSA, $1,000,000 Exports, and $127,717,000 for proposed user fees.

2/ Reflects funds under the existing Cooperative Research and Development Agreements. These funds will be used in accordance with the Federal Technology Transfer Act of 1986 (P.L. 99-502) and the Delegation of Authority of February 4, 1988, from the Assitant Secretary for Health (ASH) to the PHS agency heads.

3/ User fees are collected for certification activities and Freedom of Information Act services. FDA certifies color additives used in foods, drugs, medical devices, and cosmetics. The costs associated with these functions are offset from fees paid by the industries affected.

Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

FOOD AND DRUG ADMINISTRATION
User Fees
(Dollars in Thousands)

User Fees - Request

Reauthorization	FY 1996 Approp. FTE	FY 1996 Approp. Dollars	FY 1997 Approp. FTE	FY 1997 Approp. Dollars	FY 1998 Current Est. FTE	FY 1998 Current Est. Dollars	FY 1999 Request FTE	FY 1999 Request Dollars
PDUFA:								
- Human Drugs	250	$51,588	353	$51,991	467	$84,648	570	$91,675
- Biologics	204	28,936	206	31,314	192	26,607	202	28,816
- Other Activities	43	4,199	41	4,223	41	5,867	48	6,354
- GSA Rent	0	0	0	0	0	0	0	5,428
Subtotal, PDUFA	497	84,723	600	87,528	700	117,122	820	132,273
MQSA	35	13,000	35	13,403	53	13,966	53	14,385
Subtotal, Reauthorization	532	97,723	635	100,931	753	131,088	873	146,658
Existing								
Certification Fund/FOIA	---	---	42	5,341	36	4,654	36	4,794
Export Certification	---	---	---	2,000	---	2,000	8	1,000
Subtotal, Existing	0	0	42	7,341	36	6,654	44	5,794
Proposed:	---	---	---	---	---	---	1,183	127,717
Total, FDA	**532**	**$97,723**	**677**	**$108,272**	**789**	**$137,742**	**2,100**	**$280,169**

User Fees - Obligations

	FY 1996 Actual FTE	FY 1996 Actual Dollars	FY 1997 Actual FTE	FY 1997 Actual Dollars
PDUFA:				
- Human Drugs	351	$50,863	446	$53,336
- Biologics	206	29,991	209	26,384
- Other Activities	43	4,199	41	4,569
Subtotal, PDUFA	600	85,053	696	84,289
MQSA	43	8,557	50	12,604
Exports	0	0	0	493
Certification/FOIA	42	5,204	41	5,189
Subtotal, MQSA/Cert/FOIA	85	13,761	91	$18,286
Total, FDA	**685**	**$98,814**	**787**	**$102,575**

User Fees - Collections

Reauthorization	FY 1996 Actual Dollars	FY 1997 Actual Dollars	FY 1998 Current Est. Dollars	FY 1999 Estimate Dollars
PDUFA Collections	82,318	93,234	117,122	132,273
MQSA Collections	12,745	9,912	13,966	14,385
Subtotal, Reauthorization	95,063	103,146	131,088	146,658
Existing				
Certification/FOIA	5,204	4,832	4,654	4,794
Export Certification	0	686	2,000	1,000
Subtotal, Existing	5,204	5,518	6,654	5,794
Proposed:	---	---	---	127,717
Total, FDA	**$100,267**	**$108,664**	**$137,742**	**$280,169**

Note: Since the Budget was prepared, FDA has re-estimated the total Certification Fund/FOIA fees to be collected based on the requirements of the FDA Modernization Act.

FOOD AND DRUG ADMINISTRATION
Administrative Costs (Budget Authority)
(Dollars in Thousands)

		FY 1998 Current Est. 1/	FY 1999 Request	Increase/ Decrease
Personnel Compensation:				
11.1	Full-time permanent	$441,342	$412,148	($29,194)
11.3	Other than full-time permanent	28,072	26,211	(1,861)
11.5	Other personnel compensation	15,211	14,203	(1,008)
11.8	Special personal services pay	113	106	(7)
12.1	Civilian personnel benefits	108,253	101,086	(7,167)
13.0	Benefits former personnel	27	25	(2)
	Subtotal, Pay Costs	**593,018**	**553,779**	**(39,239)**
21.0	Travel & transportation of persons	16,609	16,650	41
22.0	Transportation of things	1,763	1,767	4
23.2	Rent payments to others	5,304	5,317	13
23.3	Communications, utilities & misc charges	23,686	23,642	(44)
24.0	Printing & reproduction	2,621	2,627	6
25.1	Consulting Services	8,969	8,991	22
25.2	Other services	39,654	39,750	96
25.3	Purchases of Goods & Services	40,168	40,267	99
25.4	Operation & Maintenance of Facilities	35,131	36,555	1,424
25.5	Research & Development Contracts	0	0	0
25.7	Operation & Maintenance of Equipment	20,755	20,806	51
	Subtotal Contractual Services	**144,678**	**146,369**	**1,691**
26.0	Supplies & materials	16,757	16,849	91
	Subtotal Non-pay Costs	**211,418**	**213,221**	**1,802**
	Total, FDA (Budget Authority)	**$804,436**	**$767,000**	**($37,437)**
	FTEs	***8,319***	***7,402***	***(917)***

1/ FY 1998 Current Estimate equals the FY 1998 Appropriation.

FOOD AND DRUG ADMINISTRATION
DETAIL OF FTE BY GRADE

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate
Executive Level I	0	0	0
Executive Level II	0	0	0
Executive Level III	0	1	1
Executive Level IV	0	0	0
Executive Level V	0	0	0
Total, Exec. Level Salaries /1	**0**	**1**	**1**
ES-6	0	0	0
ES-5	17	16	16
ES-4	21	21	21
ES-3	13	12	12
ES-2	18	18	18
ES-1	6	9	9
Total, ES Salaries	**75**	**76**	**76**
GS/GM-15	515	530	548
GS/GM-14	1,041	1,080	1,120
GS/GM-13	2,276	2,292	2,372
GS-12	1,673	1,640	1,734
GS-11	552	532	566
GS-10	44	50	50
GS-9	485	448	468
GS-8	216	235	252
GS-7	625	617	673
GS-6	354	338	341
GS-5	283	280	309
GS-4	87	72	74
GS-3	18	21	21
GS-2	10	12	12
GS-1	3	12	12
Subtotal, GS Salaries	**8,181**	**8,159**	**8,552**
AL	1	1	1
ST	3	4	4
RS	23	23	25
CC - 08/07/06	199	199	199
CC - Other	337	325	325
Subtotal, CC Salaries	**536**	**524**	**524**
AD	256	247	247
Wage Grade	85	95	95
Consultants	11	13	13
Total, FTE (End-of-year)	**9,171**	**9,143**	**9,538**
Average ES level	3	3	3
Average ES salary	$115,942	$118,377	$120,863
Average GS/GM grade	11	11	11
Average GS/GM salary	$52,597	$53,702	$54,829

Food and Drug Administration
Detail of Full-Time Equivalent Employment (FTE)

Project	1997 Actual	1998 Approp.	1999 Estimate1/
Center for Food Safety and Applied Nutrition	790	809	879
Center for Drug Evaluation and Research	1,673	1,708	1,796
Center for Biologics Evaluation and Research	844	831	840
Center for Veterinary Medicine	247	264	278
Center for Devices and Radiological Health	1,090	1,057	1,057
National Center for Toxicological Research	223	225	225
Tobacco	21	25	50
Office of Regulatory Affairs	3,216	3,174	3,337
Office of the Commissioner	135	134	136
Office of Policy	36	35	37
Office of External Affairs	196	189	191
Office of Operations/Orphan Grants Admin.	34	34	35
Office of Management and Systems	595	587	597
Total, FDA 2/	9,100	9,072	9,458

Explanatory Notes:
1/Reflects a reduction of 9 FTEs transferred from FDA's Human Drugs program to SAMHSA for the metha
2/Includes all FTEs less reimbursables, export certification, and certification fund.

Five Year History of GS/GM Average Grade

Year	Grade
FY 1995	10.9
FY 1996	11.1
FY 1997	11.5
FY 1998	11.5
FY 1999	11.6

FUNDING LEVEL SUMMARY
Department of Health and Human Services
Food and Drug Administration
Acquired Immune Deficiency Syndrome
($000)

Activity	FY 1997 Actual	FY 1998 Approp	FY 1999 Estimate
TOTAL FDA	$72,745	$72,745	$72,745
FTEs	647	634	634
Human Drugs	21,730	21,730	21,730
FTEs	193	189	189
Biologics	46,280	46,280	46,280
FTEs	412	404	404
Medical Devices	4,735	4,735	4,735
FTEs	42	41	41
III. Product Research, Evalutation, and Monitoring:			
Therapeutic Agents			
$000	26,358	26,358	26,358
FTEs	234	230	230
Vaccines			
$000	9,256	9,256	9,256
FTEs	82	81	81
Diagnostic Reagents & Test Kits			
$000	5,102	5,102	5,102
FTEs	45	44	44
Blood and Blood Products			
$000	27,768	27,768	27,768
FTEs	247	242	242
Medical Devices			
$000	4,262	4,262	4,262
FTEs	38	37	37
TOTAL, FDA			
$000	$72,745	$72,745	$72,745
FTEs	647	634	634

Food and Drug Administration
New Positions Requested

		FY 1999	
	Grade	Number	Annual Salary
Food Safety Initiative- Foods (Center)(70)			
FSI:			
Research:			
Interdisciplinary Scientist	12,13,14	11	539,000 - 759,000
Senior Biomedical Researcher	SBRS	3	330,000 - 390,000
Risk Assessment:			
Interdisciplinary Scientist	12,13,14	9	441,000 - 621,000
Senior Biomedical Researcher	SBRS	4	440,000 - 520,000
Coordination:			
Interdisciplinary Scientist	12	1	49,000
Interdisciplinary Scientist	13	1	58,000
Education:			
Consumer Education/Retail Education/Public Affairs Specialist	13	2	116,000
Consumer Education/Retail Education/Public Affairs Specialist	12	2	98,000
Consumer Education/Retail Education/Public Affairs Specialist	11	1	41,000
Surveillance:			
Interdisciplinary Scientist/ Consumer Safety Officer	12,13,14	2	98,000 - 138,000
Inspections:			
Interdisciplinary Scientist/ Consumer Safety Officer	12,13,14	9	441,000 - 621,000
PIFSI:			
Inspections:			
Interdisciplinary Scientist/ Consumer Safety Officer	12,13,14	15	735,000 - 1,035,000
Interdisciplinary Scientist	12,13,14	10	490,000 - 690,000
Food Safety Initiative - Foods (Field) (155)			
Consumer Safety Officer	7	20	560,000
Consumer Safety Officer	9	15	510,000
Consumer Safety Officer	11	15	615,000
Consumer Safety Officer	12	10	490,000

	Grade	Number	Annual Salary
Consumer Safety Officer	13	5	290,000
Consumer Safety Inspector	5	6	138,000
Consumer Safety Inspector	7	7	196,000
Microbiologist	7	4	112,000
Microbiologist	9	4	136,000
Microbiologist	11	4	164,000
Microbiologist	12	4	196,000
Microbiologist	13	3	174,000
Chemist	11	1	41,000
Chemist	12	1	49,000
Computer Systems Analyst	11	4	164,000
Computer Systems Analyst	12	6	294,000
Computer Systems Analyst	13	4	232,000
Mgt/Operations Research Analyst	7	2	56,000
Mgt/Operations Research Analyst	9	2	68,000
Mgt/Operations Research Analyst	11	2	82,000
Mgt/Operations Research Analyst	12	2	98,000
Mgt/Operations Research Analyst	13	2	116,000
Consumer/Public Affairs	11	1	41,000
Consumer/Public Affairs	12	1	49,000
Consumer/Public Affairs	13	1	58,000
Program Support	5	10	230,000
Program Support	7	17	476,000
Program Support	9	2	68,000
Food Safety Initiative - Other Activities (10)			
Office of the Commissioner			
Program Support	9	2	68,000
Office of Policy			
Policy Analyst	12	2	98,000
Office of External Affairs			
Consumer Safety Officer	13	1	58,000
Program Support	9	1	34,000
Office of Operations			
Consumer Safety Officer	13	1	59,000
Office of Management & Systems			
Supervisory Budget/Program Analyst	15	1	80,000
Budget/Program Analyst	14	1	68,000
Budget/Program Analyst	13	1	59,000

	Grade	FY 1999 Number	Annual Salary
Food Safety - Animal Drugs (Center) (14)			
Animal Scientist	11/12/13	1	41,000-58,000
Consumer Safety Officer	9/11/12/13	1	34,000-58,000
VMO or Epidemiologists	13/14	2	116,000-139,000
Interdisciplinary Scientists	11/12/13	2	82,000-116,000
Technical Support Staff	9	1	34,000
Consumer Safety Officer	12/13	3	121,000-219,000
Veterinary Medical Officer	13	1	59,000
Microbiologist	11/12	2	82,000-98,000
Interdisciplinary Scientist	13/15	1	58,000-80,000
Food Safety - Animal Drugs (Field) (1)			
Consumer Safety Officer	12	1	49,000
PDUFA - Human Drugs (Center) (91)			
Consumer Safety Officers	12/13	10	490,000 - 580,000
Chemists	12/13	23	1,127,000 - 1,334,000
Medical Officers	14/15	33	2,277,000 - 2,640,000
Computer Specialists	9/11/12	7	238,000 - 343,000
Clerical/Admin. Suppt.	4/5/6/7	7	140,000 - 196,000
Technicians	5/7/9	10	230,000 - 340,000
Legal/Paralegal	13	1	58,000
PDUFA - Human Drugs (Field) (12)			
Consumer Safety Officer	12/13	7	343,000 - 406,000
Program Support	5	5	115,000
PDUFA - Biologics (Center) (9)			
Medical Officer	15	1	80,000
Medical Officer	14	2	138,000
Biologist	14	1	69,000
Consumer Safety Officer	13	3	174,000
Consumer Safety Officer	12	1	49,000
Microbiologist	13	1	58,000
PDUFA - Biologics (Field) (1)			
Consumer Safety Officer	12/13	1	49,000 - 58,000

	Grade	FY 1999 Number	Annual Salary
PDUFA - Other Activities (7)			
Support Staff	9	2	68,000
Accountant	12	1	49,000
Program Analyst	12	2	98,000
Program Specialist	9	2	68,000
Tobacco (25)			
Budget/Program Analyst	14	1	68,000
Financial Officer	15	1	80,000
Budget Assistant	08	2	62,000
Consumer Safety Officer	12	3	147,000
Program Analyst	11	1	41,000
Program Analyst	12	2	98,000
Program Analyst	13	2	116,000
Program Analyst	14	1	68,000
Information Analyst	13	1	58,000
Administrative Officer	12	1	49,000
Office Automation Clerk	05	1	23,000
Office Automation Clerk	06	1	25,000
Office Automation Clerk	07	1	28,000
Scientific Reviewer	12	1	49,000
Scientific Reviewer	13	2	116,000
Scientific Reviewer	14	1	68,000
Attorney	13	2	116,000
Information Technology Specialist	13	1	58,000

All salaries based on a step-2, using the January 1, 1998 pay schedule, adjusted upward for projected increases.

Foods

STATUS OF PROGRAM

FY 1997 Accomplishments:

Food Safety Initiative. FDA, in conjunction with USDA (FSIS and ARS), EPA and CDC, and state organizations developed the Food Safety Initiative (FSI). The FSI, which encompasses key elements of a comprehensive and more effectively coordinated nation-wide program to improve the safety of the food supply, offers FDA and the other participating organizations an excellent opportunity for reducing the possibility that consumers will suffer the adverse health and economic consequences of foodborne infections. This multi-agency effort focuses on critical areas where federal and state agencies can work together and in conjunction with academia and industry to significantly enhance the safety of foods. FSI strategies focus on achieving improved coordination and collaboration between government agencies on compliance monitoring, foodborne disease surveillance, responses to foodborne illness outbreaks, and food safety education. This focus also emphasizes improving methods for detecting, controlling and preventing foodborne contaminants as well as improving applications of risk assessment and management techniques to food safety, especially for foodborne pathogens. Some of the significant accomplishments achieved during FY 1997 by FDA, in conjunction with other federal agencies and states, include the following:

Published a report to the President entitled "Food Safety From Farm to Table: A National Food-Safety Initiative" which outlined multi-agency strategies for improving the safety of the Nation's food supply.

Established a Food Safety Education Partnership (which includes federal agencies, states, industry and consumers), and launched a national food safety education campaign (Fight BAC™!) to promote the use of safe food handling practices by consumers, and the Foodborne Outbreak Response Coordinating Group to improve coordination between federal agencies and states on the evaluation of and response to foodborne illness outbreaks.

Published a draft guidance document containing equivalency criteria and began the process of conducting foreign evaluations to determine that countries have seafood inspection system equivalent to those in the U.S., and a Notice of Intent informing the public of FDA's proposal for mandatory Hazard Analysis Critical Control Point regulation for the manufacture of fresh juices.

Provided training on HACCP systems through the Seafood Alliance for about 5,000 FDA investigators, state inspectors and industry personnel.

Established a Risk Assessment Consortium at the Joint Institute for Food Safety and Applied Nutrition (JIFSAN), and a National USDA/FDA foodborne illness education center.

Conducted a telephone survey to identify trends in food handling practices, safe food selection, and consumer knowledge and concerns related to foods.

With other federal and state agencies, FDA developed the Fresh Produce Initiative. As part of the larger Food Safety Initiative, this initiative contains education, compliance monitoring, and regulatory and research strategies that are designed to prevent or severely limit the possibility that fresh produce available to American consumers will be contaminated with hazardous microorganisms. These efforts are needed to help FDA and other federal and state food safety regulatory agencies respond more effectively to potentially hazardous microbial contaminants that may be on fresh produce. The serious potential health threat posed by microbial contamination on fresh produce has been demonstrated in several significant foodborne illness outbreaks in the past two years, including outbreaks associated with E. coli 0157:H7 in fresh apple juice, and cyclospora on imported raspberries and other produce.

***Salmonella enteritidis* (SE) Outbreaks -- FY 1995 vs. FY 1996**. FDA's analysis of preliminary foodborne illness data showed a decrease of about 16 percent in the number of *Salmonella enteritidis (SE)* outbreaks in FY 1996. There were 46 *Salmonella enteritidis* outbreaks in FY 1996 compared to 55 in FY 1995. About 18 of the FY 1996 SE outbreaks were attributed to eggs. Analyses of available data indicate that the high number of foodborne illnesses in recent years associated with *Salmonella enteritidis* and other foodborne pathogens are attributed mainly to two factors. First, some of these microorganisms, which are continually evolving, need only a low dose to cause infectious illnesses. Second, poor food handling practices -- primarily in the home and at retail and institutional food service industries -- continue to contribute to the rising number of illnesses. Findings such as these allow better targeting of FSI strategies.

Tracebacks Continue for *Salmonella* Contamination in Eggs. FDA continued using tracebacks to identify sources of Salmonella contamination in eggs and egg products. In December 1996 an outbreak of *Salmonella enteritidis* (SE) occurred after a private party in Pennsylvania where guests were served homemade ice cream. Positive SE samples were obtained from those who became ill as well as from ice cream samples. Raw shell eggs used in making the ice cream were traced back to egg producers in Pennsylvania and Ohio. Preliminary results indicated that two laying hen houses in Pennsylvania were positive for Salmonella. FDA worked with these producers to eliminate the practices which led to the contamination.

Cyclospora. As of mid-June 1997, there had been 21 clusters of cases of cyclosporiasis reported in eight states. Also, one Canadian province (Ontario) has reported a cluster of cases. CDC also reported that four laboratory-confirmed and approximately 220 clinically defined cases were reported among persons who were on a cruise ship that departed from Florida on March 29 and returned on April 5. By mid-1997, CDC had reported a total of over 700 cases of cyclosporiasis.

Unlike last year and illustrative of the growing potential for outbreaks from varying sources, all of these cases have not been attributed to raspberries from Guatemala. Some cases have been attributed to mixed berries (some from countries other than Guatemala) and lettuce. In June, basil contaminated

with *Cyclospora* was implicated in an illness outbreak in the Washington, D.C. area. The basil was sold by a gourmet food retailer who carries 88 items with basil or basil pesto. The basil used by the retailer was grown in several countries, including Costa Rica, Egypt, Israel, Mexico and the U.S. (California, Maryland and Pennsylvania). As of July 23, Virginia health officials had confirmed 32 illnesses. They were also investigating another 42 clusters totaling 231 people claiming illness. Maryland was investigating 6 clusters, which had affected about 20 people.

On May 30, the Guatemalan government and the Guatemalan Berries Commission informed FDA and CDC that the country's growers voluntarily suspended shipment of fresh raspberries to the U.S. FDA/CDC are working with the Guatemalan government to determine when shipments may resume.

A public meeting was convened in Washington, D.C. on July 23 to review the science on *Cyclospora* on fresh produce and its control. During this meeting, Rodolfo Quezada, president of the Guatemalan Berries Commission, indicated that Guatemala will not ship berries to the U.S. in May and June of 1998 unless a solution is found to the *Cyclospora* contamination problem. Since *Cyclospora* illnesses seem to be a seasonal problem, appearing in many countries only in the spring and early summer, Guatemala plans to continue to ship berries to the U.S. in the fall. No illnesses were reported in this country last fall when Guatemala shipped 250,000 flats of fresh berries to the U.S.

Dioxin Contamination. As part of a sampling associated with its dioxin reassessment, EPA analyzed 80 chicken samples from 28 states. Two of the samples had unusually elevated dioxin levels of 16.8 ppt and 19.2 ppt. The other 78 samples had dioxin levels at 1.8 ppt or below. This finding prompted a multi-agency traceback investigation to determine the possible cause of high levels of dioxin detected in the chicken samples. EPA, FDA, the Centers for Disease Control and Prevention and USDA's FSIS coordinated with state health authorities in the sampling effort.

The traceback investigation, which focused on the processing of soybeans for feed ingredients, ultimately revealed that the source of the contamination was bentonite (commonly referred to as "ball clay"), a conditioning agent added to soybean meal to prevent caking. The bentonite was traced to a single clay mine in Mississippi. At the request of FDA, the mine stopped shipping this substance for use in animal feed.

Although there was no standard or tolerance level for dioxin-like chemicals in feed or food, FDA issued a notice on July 7 telling commercial catfish and egg producers not to ship human food products from or by animals who may have eaten animal feed contaminated with dioxin. This action was designed to stop the flow of catfish and eggs that might contain elevated levels (1 ppt or higher) of dioxin from entering the marketplace. While the levels found in eggs and catfish presented no immediate public health hazard, FDA considered this a prudent step to protect the public health. Because dioxins accumulate and can cause increased risk of cancer and other adverse health effects at high exposure, it is important to eliminate exposure to these substances. Producers of human food were able to resume shipping potentially affected products when they were able to demonstrate through testing that the human food contained only background levels of dioxin.

Major Recalls. During FY 1997, 837 products were recalled. These include Class I recalls of 214 products, Class II recalls of 393 products and Class III recalls of 230 products. Some examples of major recalls to remove potentially serious foodborne health hazards from the marketplace are identified below:

In early December 1996, apple juice and products containing apple juice as an ingredient were recalled due to possible contamination with *Escherichia coli* 0157:H7. This recall involved 1,000 units of juice products manufactured by the Odwalla, Inc., Dinuba, California. By the time of the recall, CDC had linked 66 illnesses and one death to Odwalla apple juice contaminated with E. coli 0157:H7.

Louisiana oysters were recalled after 389 illnesses were tied to the consumption of raw oyster harvested from eight Louisiana harvest waters. The recalled oysters were harvested in waters of Plaquemines and St. Bernard Parishes between December 22 and January 3. The recall involved over 8,300 - 100 lb. sacks of oysters distributed to a number of southern states, including Alabama, Louisiana, Mississippi, Florida, Maryland, North Carolina, Virginia, and Georgia.

In February, several varieties of Pepperidge Farm snack mixes had been recalled because they may have contained undeclared peanut protein. According to the Food Class I report, Pepperidge Farm recalled the following varieties of snack mixes: 388,416 cases of 9-1/4 oz. packages of Pepperidge Farm Gold Fish Fat Free Pretzel, and 73,020 cases of the 1-1/2 oz. size packages; 433,704 cases of Pepperidge Farm Gold Fish Seasoned Snack Mix in 9-1/4 oz. packages; and 68,190 cases of 32 oz. packages of Pepperidge Farm Savory Gold Fish Snack Mix.

In June, 27,000 lbs. of liquid whole eggs were recalled due to possible contamination with *L. monocytogenes*. The recalled product had been distributed in Oregon and Washington states. Other enforcement actions against food products during FY 1997 included 16 seizures of violative products and two injunctions.

Infant Formula Compliance Program Will Concentrate on Nutrient Content, Microbiological Contamination. FDA initiated a two-year compliance program scheduled for completion in FY 1999 to determine whether domestic and imported infant formulas have the proper nutrient levels and are free of microbial contamination. While priority will be given to products designed for normal full-term infants, products collected for analysis may include those designed for treatment of inborn errors of metabolism and low birth weight. Specific microbiological organism that will be considered include *Salmonella enteritidis* and *Listeria monocytogenes*, subsamples containing three organisms per gram of *Escherichia coli* and *Staphylococcus aureus*; any subsample containing 100 organisms per gram of *Bacillus cereus*, and subsamples exceeding an aerobic plate count of 10,000 organisms per gram.

Approved Health Claims for Oats. In a final rule issued January 23, the FDA authorized the use of food labels and labeling containing health claims on the association between "soluble fiber from whole oats and a reduced risk of coronary heart disease." This action, which was based on a petition

filed by the Quaker Oats Company, is the first food-specific health claim recognized by FDA. Based on the totality of the scientific evidence, the Agency concluded that there is "significant agreement" supporting the relationship between soluble fiber in whole oats and coronary heart disease (CHD).

Premarket Review of Food Additives. During FY 1997, the Agency completed a total of 61 final actions (including petition approved or denied, withdrawn by the petitioner, or dropped because it was inadequate for filing) on petitions. A total of 41 new industry-submitted petitions were received. At the end of the year the inventory of industry submitted petitions stood at 214. This is a reduction of 28 petitions from the total of 245 that existed at the beginning of the fiscal year. FDA took several actions designed to increase the efficiency of the review process for food additives. In April 1997, the Agency proposed a replacement for the current system by which manufacturers may get affirmation that a food substance is generally recognized as safe (GRAS). Food ingredients classified as GRAS by qualified experts are not required to receive FDA approval before marketing. Under current procedures, a manufacturer may determine that the use of a food substance is GRAS without formally submitting a petition to FDA. However, if a manufacturer wants FDA affirmation of its determination, it must submit a petition and go through the formal rulemaking process. Under the proposed notification procedure, manufacturers may still make a self-determined GRAS declaration; but instead of petitioning FDA for affirmation, they would simply notify the Agency of their GRAS determination and provide evidence, which supports their decision. After evaluating the notification, FDA would respond to the manufacturer within 90 days.

The new procedure would offer several advantages to FDA. One, because the revised notification procedure is much simpler, manufacturers would have greater incentive to inform FDA of their GRAS determinations. This would permit FDA to gain increased awareness of ingredients in food available to consumers and have better data on which to estimate cumulative dietary exposure to GRAS substances. Moreover, the elimination of the more resource intensive GRAS affirmation procedure will permit FDA to redirect resources to safety issues, which may have greater impact on public health.

FDA also implemented two new tools that are designed to create a more objective, decision oriented approach to the filing of food additive petitions. In November of 1996, the Agency announced that it would no longer file food or color additive petitions that had serious deficiencies at the time of submission. Decisions not to file seriously deficient petitions prevent FDA from assuming responsibility for and expending time on petitions that clearly do not meet the filing criteria.

In February 1997, FDA established the "abeyance letter" under which it will deny deficient petitions or -- by action of the petitioner-- put them in abeyance until shortcoming identified are addressed. This mechanism permits FDA to look at the petition as a whole and address a range of deficiencies with the petitioner at one time. Once the inventory of petitions is cleared up, FDA plans to place more emphasis on holding pre-filing consultations with petitioners to help ensure that better quality petitions are submitted for filing.

Seafood Retail Safe Handling Initiative. FDA launched a broad education and training program aimed at improving retail handling of seafood products. This nation-wide program is designed to significantly reduce safety and sanitation concerns related to fish, fishery products and other seafood through improved handling practices at the retail level. Priorities for the program focus on informing various groups of the information and resources available to them on the safe handling of seafood products; providing the retail seafood industry with knowledge of seafood safety and sanitation requirements; and distributing information packets that contain materials on safe seafood handling as well as other important materials such as information on the 1995 Food Code, time/temperature abuse, cross-contamination and topics related to seafood safety and quality.

Equivalency Agreements for Seafood. FDA is working to improve the safety and sanitation of imported seafood by establishing equivalency agreements to ensure that exporting countries have seafood inspection systems equivalent to those of the U.S. The Agency's equivalency program is consistent with provisions of the General Agreement on Tariffs and Trade (GATT) where participating countries agreed to accept products made under equivalent systems. Further, FDA is in the process of evaluating submissions for equivalency agreements from numerous countries and the European Union (EU). Representatives of FDA plan to visit six countries, including Australia, Canada, Chile, Iceland, New Zealand, and the EU before the end of the year. In cases where equivalence agreements are established and signed with other countries, U.S. importers will not have the responsibility for ensuring that those countries are in compliance with U.S. regulations.

Nutrition Labeling Values on Foods Found to be Accurate. A report on a study conducted by FASEB (which was released on December 31, 1996) found high levels of consistency between label declarations and the actual nutrient content of foods. FASEB researchers tested the accuracy of nutrition information on the labels of 300 products recommended by FDA. About 91 percent of all foods tested were consistent with the nutrition values on the labels. With regard to specific nutrients, the study found that 93 percent of the products listed accurate values for calories, 96 percent for total fat, and 93 percent for saturated fat. About 90 percent of the products sampled had accurate sodium values, 98 percent had correct values for carbohydrate values, and 95 percent of the sugar declarations were found to be accurate. Also, the study determined that approximately 80 percent of the listed values for cholesterol, dietary fiber, vitamin and calcium were accurate.

Dietary Supplements. On June 12, 1997, FDA issued a warning to consumers that they not purchase or ingest certain dietary supplement products containing "plantain" because the products may contain Digitalis. Digitalis is a plant which contains powerful heart stimulants that can cause a variety of reactions, including nausea, vomiting, dizziness, headache, confusion, as well as potentially life threatening symptoms such as vision disturbances and abnormal heart rate and rhythm. FDA issued this warning after conducting an investigation of an incident in which a young woman had experienced an abnormal heart rate following consumption of a dietary supplement containing plantain. The laboratory analyses confirmed the presence of Digitalis in samples of raw material labeled "plantain" that had been used as an ingredient in making dietary supplement products.

Dietary supplement products which may list "plantain" (genus *Plantago*) as one of their ingredients are sold with a variety of claims, including herbal remedies as a laxative and in poultice -- herbs sometimes spread on cloth and applied to inflamed parts of the body. The plantain used in these products is not the same as the tropical banana plant *Musa paradisiaca* sold in grocery stores.

Proposed Rule to Reduce Risk Associated with Ephedrine Alkaloids. On June 2, 1997 FDA issued a proposed rule to reduce the risk of consumer injury by dietary supplement products containing ephedrine alkaloids. Ephedrine is a dietary supplement that is sold over-the-counter for weight loss as well as to boost energy and athletic performance. It is estimated that there are more than 100 ephedrine products on the market. Since 1994, there have been more than 800 adverse events, including 18 deaths, associated with use of ephedrine. In August 1996, CDC officials announced that ephedrine, even in low doses, might have potent effects on the cardiovascular and central nervous system. FDA's proposal will limit the amount of ephedrine alkaloids that may be in products and will require labeling and marketing measures that give adequate warning and information to consumers. The effort to limit per dose intakes of ephedrine is based on the comments of an October 1995 working group and an August 1996 Food Advisory Committee meeting. FDA is concerned that many consumers may be completely unaware that they are taking a product that has amphetamine-like effects. Under the proposal, all ephedrine products containing 8 milligrams or more per dose would be prohibited. Moreover, dietary supplements will be considered adulterated if they do not meet the following conditions: 1) Instruct consumers to use the ephedrine alkaloid-containing product for no more than the specified number of sequential days; 2) Prohibit use with ingredients that have a known stimulant effect which may interact with ephedrine alkaloids; and 3) Prohibit labeling claims that require long-term intake to achieve the purported effect. In addition, the following statement must be included with labeling claims to discourage short-term excessive intakes of the substance, "Taking more than the recommended serving may result in heart attack, stroke, seizure or death."

1997 Food Code. The FDA issued its 1997 edition of the Food Code, which contains food safety recommendations based on the latest science for preventing foodborne illnesses. Its recommendations are compatible with Hazard Analysis Critical Control Point (HACCP) concepts and terminology. The Food Code is designed to help state and local regulatory agencies develop or update their own food safety rules and to assure consistency between jurisdictions on the regulation of grocery stores, restaurants and institution that sell or serve food across the United States.

The 1997 Food Code provides important new information on a number of critical food safety issues. These include safe egg handling and preparation, consumer advisories on consumption of raw and undercooked food of animal origin, and specialized food safety guidelines for serving susceptible populations such as the very young or elderly who are in institutional settings. The new version of the Food Code is available on FDA's Internet home page or in spiral bound and diskette versions.

FDA's Food Code has received wide acceptance among federal and state regulators. FSIS urged FMI and its members to support ratification of the 1997 Food Code by the states, and to voluntarily implement its provisions as soon as possible. In addition, the Association of Food and Drug Officials

(AFDO) endorsed the 1997 Food Code and encouraged FDA to continue to explore solutions in three areas: demonstration of knowledge, consumer advisories, and variances. AFDO also recommended that the Food Code be updated every six years rather than every two years.

New Method for the Detection of *E. coli 0157:H7*. FDA scientists are working on a new test that permits the direct detection and quantification of E. coli 0157:H7 in less than one hour. This is an Anti-body direct epifluorenscent filter (Ab-DEFT) test with detection limits of 16 cells per gram in ground beef. Current methods for this pathogen, including conventional cultures, take four to five days. Another non-enrichment method called the Immunomagnetic-Electrochemiluminescent Detection is under development. This method would also allow detection of E. coli 0157:H7 in less than one hour. These tests would greatly the response time needed to identify and respond to outbreaks of this pathogen, thereby reducing the potential number of deaths and illnesses.

Seafood HACCP Incorporated into the ISSC Model Ordinance. In July 1997, the Interstate Shellfish Sanitation Commission voted to incorporate seafood HACCP requirements into its Shellfish Model Ordinance. When the revised model ordinance takes effect in January of 1998, FDA inspections are likely to be HACCP-based. However, FDA compliance programs are structured to give breathing room to the several states that are still developing their policies for the implementation of HACCP.

FDA Establishes Model Partnership Agreement with States for Seafood Safety Monitoring. The Agency developed a model agreement for use by its district offices in securing promises from states that will help conduct annual audits of HACCP operations in seafood establishments. While the agreement may deviate in some cases to fit the unique needs of a particular state or region, the model reflects the basic principles essential to effective partnership agreements. State partnerships are critical to FDA's objective to conduct at least one inspection of each domestic seafood establishment annually. Under the partnership agreement, each state will develop and implement inspection procedures that are equivalent to those recommended by FDA. FDA hopes that state agreements will result in equivalent federal and state inspections to improve inspection frequency by minimizing duplicative efforts, provide national uniformity in food safety standards, and establish a national database of inspection results. Annual HACCP-based inspections will help ensure that FDA has inspection requirements for seafood that are equal to those of some of its major trading partners.

Sampling for Mycotoxins in Foods. FDA initiated a sampling program to detect mycotoxins in domestic foods through FY 1998. The objective of the program is to remove foods from interstate commerce, which contain aflatoxins at levels FDA judges to be of "regulatory significance." The program covers a range of mycotoxins, including aflatoxin, fumonisin B_1 and fumonisin B_2, deoxynivalenol (DON), ochratoxin A, and patulin in food products. The sampling program will focus on corn and corn products, milk, peanuts, other nuts, wheat products and other products, which may contain these natural toxins.

Human Drugs

STATUS OF PROGRAM

Selected Examples of Recent Progress in FY 1997:

1. Premarket Review: New Drug Evaluation.

Awards. FDA was chosen as one of ten winners of the "Innovations in American Government Award", sponsored by the Ford Foundation and Harvard University's John F. Kennedy School of Government. FDA won this award because its new drug review process (see PDUFA section below) exemplifies a model of a government agency working effectively to produce beneficial results for the American people.

In FY 1997, FDA's Baltimore District Office received the Vice President Gore's Hammer Award for its contribution to the marketing application approval of Crixivan, an AIDS drug approved in FY 1996. It was approved in 42 days, the fastest approval time for an AIDS therapy.

FDA processed and reviewed 4,378 Certificates to Foreign Governments under the Export Certificate Program. The Team received the 1997 Vice President Gore's Hammer Award.

Prescription Drug User Fee Act of 1992 (PDUFA). Under PDUFA, specific performance goals require the prompt review of original new drug applications (NDAs), resubmissions of original NDAs, efficacy supplements and manufacturing supplements to already approved marketing applications. FDA's Center for Drug Evaluation and Research (CDER) achieved remarkable success by not only meeting, but exceeding, progressively stringent PDUFA performance goals. This success occurred even with unexpected, continued growth in the number of marketing applications filed for review. FDA's efforts in exceeding the performance goals established under PDUFA have been so successful that, in 1997, Congress reauthorized PDUFA for another five years.

With the FYs 1995 and 1996 submission cohorts, FDA reviewed more than 90 percent of the applications in all four review categories "on time", even though the 90 percent "on time" rate is not required until the review of the FY 1997 cohort. Thus far, it appears that more than 90 percent of the applications in all four categories of the FY 1997 submission cohort will also be reviewed "on time". Final performance of the FY 1997 submission cohort will be known December 1998.

In FY 1996, 109 original NDAs were filed by FDA for review. These are currently on track for a 100 percent "on time" review record for that cohort. In FY 1997, the number of original NDAs filed for review increased almost 12 percent. To date, all applications in that submission cohort have been reviewed "on time". Final determination of "on time" performance for the FY 1997 submission cohort will not be possible until December 1998.

In FY 1996, 89 resubmissions of original NDAs were filed for review. Of those 89 resubmissions, 99 percent were reviewed "on time". In FY 1997, 86 resubmissions were submitted for review by FDA. Final "on time" performance for this cohort will not be known until April 1998.

In FY 1996, 106 efficacy supplements were filed by FDA for review, and 98 percent were reviewed "on time". In FY 1997, 146 efficacy supplements were filed. Final determination of "on time" performance for the FY 1997 submission cohort will not be possible until December 1998.

In FY 1996, 1,218 manufacturing supplements were filed, and 96 percent were reviewed "on time". In FY 1997, 1,261 manufacturing supplements were filed for review. Final "on time" performance for this cohort will not be known until April 1998.

NOTE: When PDUFA results are reported, the most up-to-date data is used. In recent cohorts, the data
typically change frequently. Reasons for the changes include:

1. Submissions originally classified as supplements may have been re-classified as NDAs or vice-versa,
2. Submissions with a certain user-fee goal date may have received a significant amendment, resulting in changing the goal date,
3. Submissions may have been withdrawn,
4. Submissions may have received an action.

FY 1997 New Drug Evaluation Highlights. FDA took 235 actions on NDA applications, 124 of which were approvals. The median approval time was 15.8 months, and 45 of these NDAs were approved in 12 months or less. (Median approval time is a combination of both FDA review time and company response time to deficiencies identified by FDA during its review of the application.) Of these 124 approvals, 44 were for new molecular entities (NMEs) -- drugs that are chemically different in structure from those already on the market. Of the 44 NMEs, 10 were for drugs given a priority review (products offering a significant improvement over currently marketed drugs).

Two drugs were approved under accelerated development and approval (Subpart H-surrogate endpoint approvals). Both drugs, Viracept (approved in 2.6 months) and Rescriptor (approved in 8.7 months), were given priority review status.

Other drug approval highlights include: Cystadane, for homocystinuria; Lipitor, to reduce elevated cholesterol levels; and Rezulin, for patients with Type II diabetes. Three cancer treatment drugs were approved: Fareston and Femara for breast cancer in postmenopausal women; and Idamycin- PFS for acute non-lymphocytic leukemia in adults. FDA approved a new use for Novantrone as chemotherapy for treatment of pain related to advanced prostate cancer that has spread to the bone.

Pediatric Use. FDA developed and implemented the Pediatric Labeling Tracking System, an electronic system to track supplements submitted under the Pediatric Use Final Rule.

FDA approved the first protease inhibitors with labeling for use in children. Under surrogate endpoint development and approval regulations (Subpart H) and priority review status, Nelfinavir received initial approval three months after the application was received by FDA, and the labeling includes information on appropriate pediatric use.

Pharmacology/Toxicology. FDA is working with academia, industry and the international community to improve drug development processes, evaluation procedures and review times. The objective is to provide updated industry and reviewer guidance for conducting and evaluating modern toxicological programs needed to support rapidly progressing clinical trials and drug reviews.

Accomplishments include:

Development of Good Review Practices. Implementation resulted in reviews suitable for electronic processing, thereby minimizing duplicative review efforts for multi-indication product development. It serves as a basis for International Conference on Harmonization (ICH) action on a Common Technical Document format for preclinical data submission. The ICH, supported by the U.S., the European Union and Japan, is working to harmonize the technical requirements of applications for new drug and biotechnology products.

Development of a proposed standard for the electronic submission of preclinical data to foster the transition to paperless NDA submission and review.

Streamlining early preclinical testing requirements to encourage the conduct of early clinical trials and entry into the market for botanical products and for structurally related NMEs in the U.S.

Agency analysis of non-rodent testing data, in collaboration with an international team of regulatory scientists, to form the basis of a proposed, new standard for non-rodent testing that will decrease preclinical development costs and development time, lead to the elimination of currently conducted, partially duplicative animal testing, and facilitate the safe conduct of long-term clinical trials.

Analysis of animal testing data that formed the basis of a revision in carcinogenicity testing under ICH. This revision decreased test cost and time by 75 percent while improving the available safety assessment data.

Met in international fora to build support and encourage academia, industry and government collaboration to develop more effective models for carcinogenicity testing. The Environmental Protection Agency is now testing the models adopted for regulatory application by FDA in its water quality testing programs.

Participated in a collaborative effort by academia and the pharmaceutical industry to characterize and validate alternatives to chronic bioassays.

Project Management. In addition to the successful management of application review under PDUFA, the project management program collaborated with an external, not-for-profit organization

with expertise in project management and regulatory affairs to provide high quality training at a reasonable cost. This culminated in a workshop where more than 280 people from FDA and industry received training in project management and regulatory affairs. This cost-effective effort was hailed as a great success by industry and Agency participants because it provided a forum for the exchange of ideas regarding "best practices" and established an atmosphere of mutual understanding and respect.

The project management program also spearheaded the development of a certification program for project managers within FDA. The result was the development of an intense, three-year training program designed to enhance project management skills and regulatory policy knowledge to provide the tools for future, broader based project management roles that will support FDA's needs into the next millennium.

Over-the-Counter (OTC) Drug Products. The OTC program approved 13 new drugs and/or new indications for OTC marketing. A significant approval is that of Cromolyn Sodium, the first non-prescription nasal spray that specifically helps prevent and treat symptoms related to nasal allergies such as allergic rhinitis.

The OTC program published 15 monograph-rulemaking documents in the Federal Register, including the Proposed Rule for Labeling of OTC drugs. The goals of this rulemaking are to improve the legibility and clarity of all OTC drug labels as well as the consumer's ability to comprehend important warnings and usage directions.

Prescription Drug Advertising and Labeling. FDA continued to regulate prescription drug advertising and labeling by monitoring all prescription drug promotions, enforcing the laws and regulations, developing new guidance, and conducting research to support the program.

FDA received 13,959 submission packages from pharmaceutical companies in compliance with the Federal Food, Drug, and Cosmetic Act and applicable regulations. These packages contained approximately 30,000 prescription drug advertisements and labeling pieces. In support of user-fee related activities, FDA conducted in-depth reviews and issued 532 advisory letters regarding the launch promotional campaigns for new drug products, indications, or dosages, and consulted on patient labeling for several prescription and OTC drug products. The Agency also issued 555 letters to the pharmaceutical industry regarding promotional materials and other issues. Of all letters issued, 240 contained issues regarding promotion directed to consumers. FDA also issued 183 regulatory letters pertaining to prescription drug promotion.

FDA co-organized a public meeting and request for written comments to learn and discuss issues about the promotion of regulated products on the Internet; published two final guidances related to the dissemination of reprints and reference texts; published a notice and requested comments on plans to revise all prescription drug advertising and labeling guidances in accordance with the Agency's Good Guidance Practices; and made available a draft guidance on consumer-directed broadcast advertisements, as an initial step in its consumer-directed advertising initiative.

In FY 1997, FDA continued its research, education, and outreach activities. The year 2000 national health objectives set goals for the distribution of useful patient information on prescription drugs. In August 1996 Congress passed a law requiring the private sector be given the opportunity to develop a plan, acceptable to the Department of Health and Human Services (DHSS), to reach the year 2000 goals. FDA has been working with the Keystone Group and other private and academic groups which are developing this plan. FDA has continued to test prescription and OTC drug label prototypes. As a result, the Agency is developing proposed regulations for professional labeling for prescription drugs, and FDA proposed standardized OTC drug label formats. FDA is continuing to conduct research to assess the ability of the public to understand risk and benefit communications. The goal is to develop ways of presenting labeling for patients that are both useful and meaningful.

Premarket Review: Generic Drugs

Generic Drug Review. In general, FDA continues to support an active generic drugs program with a focus on expanding the availability of high quality generic drug products to the public.

During FY 1997, the Office of Generic Drugs (OGD) approved 404 abbreviated new drug applications (ANDA's) and abbreviated antibiotic applications (AADA's) (together referred to as abbreviated applications). This represents a substantial increase over the 288 and 340 abbreviated applications approved in FY's 1995 and 1996, respectively. Of the FY 1997 approvals, 21 represent the first time a generic drug was available for the brand name product. Examples of first time approvals include: (1) a histamine H2 antagonist used in the treatment of ulcers, Ranitidine Tablets (generic for Zantac , Glaxo Wellcome), and (2) an antiviral drug used in the treatment of serious viral infections, Acyclovir Sodium for Injection (generic for Zovirax, Glaxo Wellcome). The approval of generic versions of these two drug products could save the American Public and Federal Government hundreds of millions of dollars.

The increase in approvals occurred despite a significant increase in workload. For comparison, the 462 submissions received in FY 1997 are notably higher than the 404 and 378 submissions received in FY's 1995 and 1996, respectively.

As a result of OGD's initiative to contact applicants that undergo two or more major deficiency cycles, the Office has seen a drop in the number of review cycles needed to approve abbreviated applications. In FY 1997, the average application required 2.9 cycles before being approved. This is down from 4.0 cycles in FY 1995 and 3.7 in FY 1996. The ultimate goal of this initiative is to decrease overall time to approval by reducing the number of cycles required to approve an application. The following table demonstrates how the reduction in the number of review cycles, combined with other initiatives, have reduced approval times.

FISCAL YEAR	MEDIAN APPROVAL TIME (months)
1995	28.2
1996	24.7
1997	19.6

The inception of the initiative to publicly release bioequivalence protocol reviews resulted in OGD's issuance of 40 protocols to date, 34 of which were issued in FY 1997. In addition to reducing the total number of protocols received by the Agency from 153 in FY 1995 to 60 in FY 1997, since multiple protocols for the same drug no longer require individual review, the need to develop Biopharmaceutic Guidances has diminished. These guidances are now developed only for drugs products with special/unique bioequivalence issues.

As stated, the need to pro-actively develop numerous Biopharmaceutic Guidances as a means of reducing overall review time and to decrease the number of overdue applications has been diminished due to public availability of protocol reviews. However, OGD did issue a revised guidance on the in vivo bioequivalence and in vitro dissolution testing of Clozapine Tablets in FY 1997. The alternate study design for this particular drug product improves safety aspects for the patient. In addition, eleven other guidances are being developed and are expected to be issued in the second quarter of FY 1998.

Regarding the electronic submission of bioequivalence data, nine electronic submissions have been received to date for this program (four during FY 1997). Also, OGD has begun accepting submissions of a similar chemistry, manufacturing and controls electronic submission of data program for beta testing. In continued support of this initiative, the following activities have occurred: 1) FDA has utilized a variety of means to promote electronic submissions; 2) industry training sessions have been held; and 3) an industry-OGD workgroup has been formed to facilitate feedback on the program and assess potential enhancements.

2. Postmarket Assurance/Surveillance.

Post-Market Surveillance and Epidemiology (PSE). The PSE program assesses the ongoing safety profiles of drugs available in the U.S. using several tools and different expertise. One of these tools is the Spontaneous Reporting System (SRS) which contains the adverse drug reaction (ADR) reports obtained from FDA's MedWatch program and required reporting by manufacturers.

In FY 1997, 253,844 ADR reports (a 47 percent increase from FY 1996) were received. These reports often form the basis of various "signals" that there may be a potential for serious, unrecognized, drug-associated events. After the signal is generated, further testing of the hypothesis is undertaken using various epidemiologic and analytic databases, studies and other instruments.

FDA implemented adverse event reporting and other safety assessment initiatives, as recommended by ICH, through changes in regulations and issuance of guidances to the pharmaceutical industry. These changes will standardize adverse event reporting for much of the world. As this initiative

proceeds, FDA's efforts will help the pharmaceutical industry to eliminate duplication and redundancy in global reporting requirements. These efforts will result in a timely and efficient approach to postmarket risk assessment for FDA, European and Japanese regulatory authorities.

FDA successfully implemented the Adverse Event Reporting System (AERS), a client/server application designed to support reporting mandatory and voluntary adverse events related to drugs and therapeutic biologics. AERS is the cornerstone of a comprehensive post-marketing surveillance system and supports FDA's revitalized pharmacovigilance program. After transition, it is expected that 120,000 of the total 150,000 reports the Agency now receives will be transmitted electronically.

Compliance drug quality assurance activities included the following actions in FY 1997:
The Agency processed 330 inspections of domestic and foreign clinical investigators and 3 inspections of sponsor-monitors and contract research organizations. There were 346 establishment inspection reports classified, 212 uncovered violations of good clinical practice regulations.

Conducted 164 Institutional Review Board (IRB) inspections and sent 3 Warning Letters.

Forty-three assignments and inspection reports were received and inspectional observations issued to 17 facilities citing significant GLP violations of nonclinical laboratories.

The framework of the pharmacy compounding initiative was presented to senior Agency officials and it was agreed to publish an Advanced Notice of Proposed Rulemaking (ANPR) for public comment and to conduct a public meeting on it in the future. Concurrent with the development of the ANPR, a legislative proposal emerged to amend the FD&C Act to exempt compounded drug products from the Act's requirements under specific conditions. The solutions identified in the initiative and ANPR were used by the Agency successfully to negotiate counter proposals.

Approximately 5,600 unapproved products were reviewed and categorized.

Over 700 labels from drug product listing submissions were reviewed and deficiency codes entered into the Drug Listing Database.

A total of 1,400 foreign establishments and 3,000 domestic establishments were evaluated.

3. Internal Capacity Building.

Information Technology. FDA established a new Office of Information Technology (OIT) that reports directly to the CDER's Center Director. OIT's mission is to support the Center through reliable and cost-effective information technology and services and its vision states that through innovation and excellence, the FDA community has seamless access to needed information.

OIT began developing a strategic and management plan for ensuring the Center has the capability and capacity for electronic regulatory submissions and reviews by the year 2002. The plan focuses on

implementing components of the FDA Modernization Act of 1997 and includes new business processes to ensure the Center acquires and manages information technology and resources in a way that is consistent with the Information Technology Management Reform Act of 1996.

FDA has established a standard file format for electronic documents that FDA is prepared to archive. Industry guidance on electronic submission for archival of electronic Case Report Forms and Case Report Tabulations (CRT) for NDAs has been completed. FDA is preparing guidance for electronic submission of the remaining sections of the NDA.

An Electronic Document Room (EDR) has been established to receive, inspect, load, store, and archive electronic submissions of CRTs/CRFs. The EDR is currently receiving new electronic submissions on a regular basis.

The Agency has purchased hardware, software, and contractor support to implement a new system to automate procedures for processing incoming requests and generating export certificates under the Certificates to Foreign Governments (CFG) Program. The system is expected to take two years to develop and implement.

A pilot of the Administrative Management of Files (AMF)/Division Files System (DFS) has been successfully completed. AMF/DFS provides an easy to use, automated means for creating, managing, electronic signature, and archiving internally generated documents pertaining to the IND/NDA review process. AMF/DFS is currently operational in two new drug review divisions and a third is scheduled for implementation by the end of the calendar year.

FDA successfully implemented the Establishment Evaluation System (EES), a client/server application designed to support the Center's pre-approval inspection program. Tracking requests for pre-approval inspections is now a paperless process. Facility information is recorded, inspections are requested, and inspection results are returned to the Center using EES.

4. External Leverage.

FDA conducted an industry workshop to provide technical guidance on preparing electronic submissions of CRTs/CRFs.

As chair of the International Conference on Harmonisation (ICH) -- Multi-disciplinary Group 2 (M2) Expert Working Group, FDA supported the establishment of international electronic communication by evaluating and recommending, open and non-proprietary electronic standards for transfer of regulatory information. Chaired the annual M2 conference held in Washington, DC.

FDA worked with industry representatives from the Electronic Working Group of PhRMA's Regulatory Affairs Committee to jointly address electronic information management issues related to pre-approval inspections, adverse event reporting data, drug package insert/labeling, and pharmacology/toxicology data.

A live panel discussion on the Center's efforts to build a world-class safety surveillance system for drugs was conducted during the fiscal year. Forty pharmaceutical firms were online, either through a video or audio link, for the two and one-half hour broadcast. Two panels of FDA experts discussed the new regulatory and technological framework for adverse event reporting and responded to call-in and fax-in questions.

Training, Communications and Freedom of Information Requests. Activities include:

FDA processed approximately 3,000 telephone calls from the public (industry, academia, etc) and sent out approximately 2,000 publications in this area. Completed the index for FDA FOI's Electronic Reading Room and have commenced scanning in of documents for the Reading Room. The following training programs have been or are about to be put in place to facilitate FDA personnel in the carrying out of their duties : Redelegation Authority to Approve Training, Meeting, Minutes Training, Automated Course Registration, ICH Workshop, New Reviewers Workshop, Review Evaluation Education Program, Leadership Fellows, Leadership Training Program, and Core Competencies Assessment.

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Orphan Products Development

STATUS OF PROGRAM

FDA continues to carry out a program encouraging the development of drugs, biologicals, medical devices and medical foods for rare diseases and conditions. The agency met with 19 potential sponsors of orphan products in 1997. The sponsors were given information on the development of these products and guidance on applying for "designation" as an orphan product under the Federal Food, Drug and Cosmetic Act. It is anticipated that the demand for such help will continue at the same level in 1998 and 1999.

During 1997, FDA reviewed on 68 new sponsor requests for designation of drugs as orphan products. As part of the request for designation, sponsors are required to submit data that adequately demonstrate the use of their product for diseases or conditions affecting fewer than 200,000 people in the U.S. Based on FDA reviews, 53 drugs and biologics received designation as orphan products during the year. A total of 846 designations have been made since the enactment of the Orphan Drug Act. It is estimated that the FDA will review 70 sponsor requests for orphan designation in 1998.

Designation of applications for the Humanitarian Use Devices (HUD) exemption is a new function of the program. The designation request is the first part of a two-step process which requires sponsors to demonstrate that a device affects fewer than 4,000 individuals in the United States. Sixteen HUD applications were reviewed in 1997. The HUD exemption was enacted in the Safe Medical Devices Act of 1990.

Under the FDA Orphan Products Grants Program $5,806,300 was awarded for 16 new studies, and 11 competing continuation studies in 1997. These studies were designed to provide information on human safety and effectiveness of products for diseases and conditions like: dystonia, sickle cell disease, acute leukemia, cystic fibrosis, adrenoleukodystrophy and tyrosinemia. Additionally, $5,734,700 was spent during the year for noncompeting continuation studies begun in prior years.

These 12 designated orphan drugs were approved for marketing in 1997:

Anagrelide - Treatment of essential thrombocythemia;

Coagulation Factor IX (recombinant) - Treatment of hemophilia B;

Diazepam viscous solution for rectal administration - For the management of selected, refractory, patients with epilepsy, on stable regimens of antiepileptic drugs (AEDs), who require intermittent use of diazepam to control bouts of increased seizure activity;

Fomepizole - Treatment of methanol or ethylene glycol poisoning;

Oprelvekin - Prevention of severe chemotherapy-induced thrombocytopenia;

Paclitaxel - Treatment of AIDS-related Kaposi's sarcoma;

Rituximab - Treatment of non-Hodgkin's B-cell lymphoma;

Sermorelin acetate - Treatment of idiopathic or organic growth hormone deficiency in children with growth failure;

Somatropin - Treatment of adults with growth hormone deficiency;

Toremifene - Hormonal therapy of metastatic carcinoma of the breast;

Ursodiol - Treatment of patients with primary biliary cirrhosis; and

Zinc acetate -Treatment of Wilson's disease.

Biologics

STATUS OF PROGRAM

Selected Examples of Recent Progress:

1. AIDS and the Nation's Blood Supply

As the AIDS epidemic continues its second decade, sources predict the global number of documented cases of AIDS will increase tenfold by the year 2000. FDA continues its efforts to combat AIDS through research and review of biological products intended for the diagnosis, prevention, and treatment of AIDS and AIDS-related diseases.

FDA continues its efforts to approve safe and effective blood and blood products before marketing. The Center for Biologics Evaluation and Research (CBER) received the first HIV vaccine IND in 1987. Since then the Office of Vaccines Research and Review (OVRR) has received and reviewed 69 HIV vaccine INDs, 11 of which were submitted during FY 1997. Many of these INDs are NIH-sponsored studies of investigational HIV vaccine products either manufactured by biotechnology or vaccine companies or developed by academic researchers. To date a total of 31 HIV-1 vaccine products have entered phase 1 and 2 studies. These products encompass a variety of vaccine designs including recombinant and synthetic HIV-subunit proteins (envelope, core and regulatory proteins); live viral and bacterial vectors inserted with recombinant HIV-1 gene sequences; recombinant HIV-1 nucleic acids also referred to as "DNA" vaccines; and inactivated HIV-1 (as a therapeutic vaccine in HIV-infected subjects only). Studies to test the use of novel adjuvants combined with some of these products are ongoing. Thirteen of these 31 products are being studied in HIV-uninfected subjects as strictly preventative HIV-1 vaccines. Eight of the 31 products are being evaluated in HIV-infected subjects as strictly therapeutic vaccines. The other ten products are being tested for use as both preventative and therapeutic vaccines.

FDA's broad based, multi-disciplinary research programs have played a significant role in the development of vaccines, therapeutic agents, and test kits for possible use in AIDS and AIDS-related conditions by defining parameters that must be met regardless of product or sponsor. FDA continues to enlarge the scope of its AIDS-related activities as new data on HIV, AIDS, and AIDS-related diseases accumulate and as clinical trials of new therapies, vaccines, and diagnostic tests expand. This research includes work on HIV infections and vaccine models for its prevention and studies of the immune response to HIV.

FDA continued to strengthen its efforts to protect the Nation's blood supply and to minimize the risk to patients of acquiring the human immunodeficiency virus (HIV), hepatitis, and other blood- borne diseases. Inspections of blood centers continues to focus on procedures used by the blood and plasma industry in donor screening, testing for viral markers for diseases and syndromes such as AIDS, and procedures for quarantine and destruction of unsuitable blood products. Over 14 million units of blood are collected annually and each unit presents potential safety concerns. The processing

of each unit into separate blood products such as red blood cells, plasma and Platelets results in a number of further products that are also subject to similar concerns such as HIV. The complexities are furthermore multiplied by the use of additional laboratory screening tests, as well as the institution of more computer-controlled deferral, quality control, and distribution systems by blood and plasma facilities, all of which require more time-intensive inspections and increased follow-up and oversight by FDA inspectors.

The FDA established two new communications systems that offer health-care providers and consumers immediate information about recalls of therapeutic products derived from blood and plasma. One of the systems is a new 24-hour toll-free telephone number, and the other is an automated electronic mailing list. Both systems offer current information about recalls and market withdrawals of therapeutic products derived from blood such as clotting factors to treat hemophilia and immune globulins. The two new methods of notifying the public will augment existing services including a FAX Information System, a consumer information line and a link to FDA's home page on the World Wide Web.

The new communications systems were introduced at a meeting sponsored by the FDA, the National Heart, Lung and Blood Institute, NIH, and the Centers for Disease Control and Prevention (CDC). Attendees were informed about roles, resources and responsibilities of each organization in notifying consumers about plasma product recalls and withdrawals.

The U.S. blood supply is protected by a system of overlapping safeguards designed to prevent the release of unsuitable products. The failure of an individual safeguard does not automatically translate into the release of unsafe products, but it may increase the potential risk.

FDA has vigorously continued its oversight of blood establishments and has documented the release of unsuitable blood and blood components in situations where deficiencies have occurred. In FY 1997, the FDA received nearly 15,000 error and accident reports related to the manufacturing of biologic products.

In a December 11, 1996 memorandum to all registered blood and plasma establishments and plasma derivatives manufacturers, the Agency issued new precautionary recommendations for donor deferral, product disposition, and recipient notification to reduce the risk of Creutzfeldt-Jakob Disease (CJD) transmission by blood and blood products. The new recommendations are based on a consideration of risk in the donor, risk of the product, and impacts on blood product availability.

CJD is a rare but invariably fatal, degenerative neurological disease believed to be associated with a transmissible agent. The nature of the agent has not been established, but it is highly resistant to current methods of viral inactivation employed with plasma derivatives. While available epidemiological data do not support transmission of CJD via blood transfusion in man, the disease has been transmitted to humans through transplantation of corneas and dura mater from infected individuals, by use of contaminated EEG electrodes and by injections of human pituitary-derived growth hormone (HGH) (5).

The Transmissible Spongiform Encephalopathy (TSE) Advisory Committee met on April 23 and 24, 1997, to assess whether bovine spongiform encephalopathy (BSE), also known as "mad-cow disease," poses any risk to the safety of imported gelatin used in FDA-regulated products. The TSE Advisory Committee was asked whether, in light of recent developments and current scientific understandings of TSEs, the exemption of gelatin from BSE countries should continue. Expert opinions were presented by academia, industry, FDA and the public. After hearing the evidence, weighing newer scientific information and thoroughly discussing the issues, the majority of Committee members concluded that the exemption of gelatin from BSE countries should not continue. However, recognizing that current understanding of TSEs is incomplete, the Committee noted the need for continuing research including the best method of inactivating the TSE agent.

2. Biotechnology and Therapeutics

Biotechnology continues to play an important role in the discovery and development of new biological products for the diagnosis, treatment, or prevention of serious and life-threatening diseases. Biotechnology techniques are now used routinely to produce novel and highly complex biological, therapeutic and diagnostic agents and vaccines. Biotechnology methods have led to the development of products that were previously not feasible; that may be less toxic because they are more specific (e.g., "programmed" to attack only tumor cells leaving healthy cells alone); and that can be economically manufactured in large quantities. Many of these products are intended for use against diseases for which no known therapy exists.

FDA's Office of Therapeutics Research and Review received 309 investigational new drug applications (INDs) submissions in FY 1997. Biotechnology-produced products have increased dramatically from fewer than five INDs in FY 1980, to 260 in FY 1997. Over 7,000 IND amendments were received during FY 1997 for therapeutic products. An important subset of this growth has been in the area of gene therapy which has grown from eight therapy protocols in FY 1991, to 31 in FY 1996, and 40 in FY 1997. Importantly, adjunct procedures used in gene therapy such as stem cell isolation are also rapidly increasing, leading to a secondary rise in device and biological submissions related to this area. In an effort to facilitate the evaluation of proposed gene therapy protocols, the Agency and NIH have implemented several initiatives designed to enable the development of gene therapy protocols.

3. Vaccines

FDA has the responsibility for ensuring that vaccines and related products (such as botulinum toxin, skin test reagents for tuberculosis, and allergenic products) are safe and effective and adequately labeled. Currently, vaccines against 24 diseases are licensed in the United States (although more than one vaccine against a particular disease may be licensed – for example, the inactivated and live vaccines against polio). Vaccines against ten diseases (Hepatitis B, polio, Haemophilus influenzae type b, mumps, measles, rubella, diphtheria, tetanus, pertussis, and chicken pox)are recommended for all U.S. children and vaccines against influenza and pneumococcal infections are recommended for all adults more than 65 years of age. Periodic tetanus and diphtheria booster vaccinations are

recommended for all adults. The use of influenza vaccine among adults has, in recent years, increased markedly (to a current use of about 80 million doses/year). Additional vaccines are recommended for special groups (for example, Hepatitis A) or for travelers to particular areas (e.g., Salmonella typhi or Japanese encephalitis virus vaccines). Many additional vaccines are in various stages of investigation (e.g., HIV or Herpes simplex virus vaccines) and their Investigational New Drug applications (INDs) are being reviewed; licensure is being sought for other vaccines (e.g., rotaviral and Lyme disease vaccines) and their Product License Applications (PLAs) are under review.

During FY 1997, five vaccine PLAs have been approved: diphtheria and tetanus toxoids and acellular pertussis vaccine for infant use (at 2, 4, and 6 mos. of age); diphtheria and tetanus toxoids for further manufacture; a new diphtheria and tetanus toxoid vaccine for use in infants; an Haemophilus influenza type b conjugate and Hepatitis B combination vaccine; a rabies vaccine for preventive and post-exposure use in children and adults. A number of major vaccine PLA supplements were also approved in FY 1997, including a new diphtheria and tetanus toxoid containing acellular pertussis vaccine for infant use. In addition, PLA supplements for strain changes were approved for each of three influenza vaccine manufacturers. One manufacturer, who prepared influenza vaccine in previous years, is not manufacturing this season.

For the past decade, the development of an acellular pertussis vaccine for infant immunization has been a major national goal. This goal has been realized and presently three acellular pertussis vaccines are licensed for infants (one in 1996 and two in 1997), and several additional acellular vaccines are now under review. FDA has played a major role in the development and standardization of these vaccines. It is anticipated that these DTaP vaccines, especially when combined with other routine pediatric vaccines, will replace whole cell pertussis vaccines in the United States. Combination vaccines, which will cut down the number of needle sticks to children and the number of visits to health care providers, are a current FDA priority. The Agency has released a guidance document on combination vaccines this year.

FDA is also responsible for the regulation of allergenic products used either for the diagnosis or treatment (desensitization) of allergy. During FY 1997, 8 standardized grasses for each of 4 manufacturers were approved as PLA supplements. Overall, during FY 1997, 4 PLAs and 79 PLA supplements were approved (the rabies vaccine PLA was approved at the start of FY 1998); additionally, during FY 1997, OVRR issued 43 Not Approvable and 74 complete review letters. During FY 1997, a total of 91 new INDs and 2371 IND amendments were submitted to OVRR.

The standardization and testing of vaccines for lot release is one of FDA's responsibilities. Each year FDA is responsible for the development of the reassortant influenza viruses that are used by the manufacturers for vaccine production; FDA is also responsible for the development of the sera that is used for the assignment of potency and, with the manufacturers, potency testing for each lot. FDA tests many additional vaccines for potency and safety in its laboratories.

Section 314 of the National Childhood Injury Act of 1986, entitled "Review of Warnings, Use Instructions, and Precautionary Information," requires the Secretary of Health and Human Services

to determine, by rule, whether the warnings, use instructions, and precautionary information issued by manufacturers of childhood vaccines listed in the Vaccine Injury Table (Section 2114 of the Public Health Service Act) adequately warn health care providers of the nature and extent of potential dangers posed by such vaccines. The FDA was delegated the authority by the Assistant Secretary for Health and Human Services to complete this task. FDA has completed its review of labeling as mandated and, again, as mandated, has written a draft proposed rule that will require the manufacturers of all vaccines listed in Section 2114 of the PHS Act to adequately warn health care providers.

4. <u>Postmarketing Surveillance</u>

In FY 1997, the Inspections Task Force coordinated 139 inspections of biologics facilities, including preapproval, directed, and biennial inspections. Most of the inspections were performed jointly with the Field organization. Based on the inspection findings, the Inspections Task Force submitted recommendations for enforcement actions in 39 instances.

As a result of the Office of Inspector General's audit of the inspection program, the Inspections Task Force coordinated two inspection initiatives this year. All firms manufacturing fractionated products for distribution in the United States were inspected during FY 1997. During a five-month period, 17 inspections were performed. The inspections of plasma fractionators resulted in ten enforcement actions, and two additional actions are pending.

The Inspections Task Force also coordinated inspections of all allergenic and vaccine manufacturers in FY 1997. Fifteen inspections of these manufacturers were conducted as part of this initiative. Licenses were suspended for two allergenic manufacturers because of deficiencies noted during the inspections. Additional actions may be taken based on the final inspection reports for other firms.

There was a significant increase in the number of enforcement actions in FY 1997. This is due in part to the two biologics inspection initiatives undertaken by the Agency, which focused on the plasma fractionation and the vaccine/allergenic industries.

In FY 1997, three injunctions against biologics manufacturers were processed. The Agency also continued to monitor the compliance status of firms currently under injunction.

FDA was involved in a number of activities related to the promotion of HIV home test kits on the Internet, and in newspapers and magazines. The kits claim to detect HIV antibodies in blood or saliva, and provide results in the home in 15 minutes or less, and do not require the samples to be sent to a laboratory for analysis. Some of the HIV home test kits falsely claimed to be approved by the FDA or manufactured in an FDA approved/registered facility. To date, all FDA approved HIV home sample collection kits require laboratory analysis and provide counseling for the consumer.
FDA has been investigating these firms. Over the past year, eight firms were inspected by the Field staff, resulting in three Warning Letter recommendations, the issuance of one Warning Letter, and

the possibility of two additional Warning Letter recommendations. In addition, HIV kits were seized in two separate actions, described above.

In FY 1997, FDA classified 1,519 recalls. This is more than twice as many as classified in previous years (FY 1996, 707 recalls; FY 1995, 648 recalls; FY 1994, 469 recalls) and is due in part to industry's increased emphasis on quality assurance, and their increased awareness of the need for error and accident reporting. FDA also received notification of 93 market withdrawals. Some noteworthy recalls include:

FDA received approximately 15,000 error and accident reports in FY 1997, which is a slight increase over the FY 1996 level.

5. Reinventing Government.

In accordance with the principles set forth in "Regulatory Reinvention Initiative," Executive Order 12866, FDA seeks to implement measures that will reform and streamline the regulatory process to ease the burden on regulated industry and consumers. FDA continues to use regulatory expertise and knowledge to advance the public health and merits the public trust through innovative regulation to ensure that safe and effective products reach the public as rapidly as possible.

Response to Clinical Hold Letters for Investigational New Drug Applications. The FDA issued its staff policy guidance on procedures to be used for placing a study or studies submitted as part of an investigational new drug application (IND) on clinical hold and for removing the hold once a satisfactory response has been received from the sponsor.

Guidance for the Submission of Chemistry, Manufacturing, and Controls Information and Establishment Description for Autologous Somatic Cell Therapy Products. Over the last several years, the FDA has worked to clarify its approach to the regulation of products that are comprised in whole or in part of living cellular materials. On January 10, 1997, FDA published, "Guidance for the Submission of Chemistry, Manufacturing, and Controls Information and Establishment Description for Autologous Somatic Cell Therapy Products," in the **Federal Register**. This guidance document is intended to assist manufacturers of all autologous somatic cell therapy products, whether used for structural repair or reconstruction, or for other purposes.

Regulation of Cellular and Tissue-Based Products. On February 28, 1997, Vice President Gore announced the Agency's proposed approach to regulation of cellular and tissue-based products as part of the Administration's reinvention of government (REGO) initiative. Tissues have long been transplanted in medicine for widespread uses such as skin replacement after severe burns, tendons and ligaments to repair injuries, heart valves to replace defective ones, corneas to restore eyesight, and the use of human semen and implantation of eggs to help infertile couples start a family. In recent years, scientists have developed new techniques, many derived from biotechnology, that enhance and expand the use of human cells and tissues as therapeutic products. These new

techniques hold the promise of some day providing therapies for cancer, AIDS, Parkinson's Disease, hemophilia, anemia, diabetes, and other serious conditions.

The proposed framework will provide a tiered approach to cell and tissue regulation. Regulation will focus on three general areas: 1) preventing unwitting use of contaminated tissues with the potential for transmitting infectious diseases such as AIDS and hepatitis; 2) preventing improper handling or processing that might contaminate or damage tissues; and, 3) ensuring that clinical safety and effectiveness are demonstrated for tissues that are highly processed, are used for other than their normal function, are combined with non-tissue components, or are used for metabolic purposes (i.e., for systemic, therapeutic purposes).

6. <u>Prescription Drug User Fees</u>

The Prescription Drug User Fee Act of 1992 (PDUFA) authorized revenues from fees paid by the pharmaceutical industry to expedite review by the FDA of human drug applications. These revenues were directed by the Act toward accomplishment of goals identified in letters from the Commissioner of Food and Drugs to the Chairman of the Energy and Commerce Committee of the House of Representatives, and the Chairman of the Labor and Human Resources Committee of the Senate.

The FY 1997 goals were:

Review 90 percent of complete PLAs, ELAs and NDAs for priority applications within 6 months after submission date.

Review 90 percent of complete PLAs, ELAs and NDAs for standard applications within 12 months after submission date.

Review 90 percent of priority supplements to PLAs, ELAs and NDAs within 6 months after submission date.

Review 90 percent of standard supplements to PLAs, ELAs and NDAs that require review of clinical data (efficacy supplements) within 12 months after submission date.

Review 90 percent of standard supplements to PLAs, ELAs and NDAs that do not require review of clinical data (e.g., manufacturing supplements) within 6 months after submission date.

Review 90 percent of complete applications resubmitted following receipt of an non-approval letter within 6 months after the resubmission date.

Total review staff increment recruited and on board by end of FY 1997.

Review Performance. The Prescription Drug User Fee Act of 1992 established performance goals for the evaluation of applications for marketing drug and certain biological products. Review performance monitoring is being done in terms of cohorts, e.g., the FY 1997 Cohort includes applications received from October 1, 1996 through September 30, 1997. Accomplishment of the FY 1997 performance goals is not immediately measurable at the close of the fiscal year. The measurable outcome will occur 6 or 12 months after the last submission received in FY 1997, depending upon the category of submission. Performance goals of the Act began with FY 1994. CBER has met or exceeded its performance goals in fiscal years 1994 and 1996. The table below shows FDA's performance on the PDUFA FY 1996 cohort. The data provided are as of September 30, 1997.

FY 1996 Cohort

Type	Number Submitted	Number Filed	RTF, UN, WF	First Action within Goal (%)	Submissions Overdue (%)
Establishment Applications	6	6	0	100%	0%
New Product Applications	10	9	1	100%	0%
Effectiveness Supplements	8	8	0	88%	0%
Manufacturing Supplements	261	261	0	98%	2%
Resubmissions	72	N/A	N/A	81%	6%

RTF = Refuse to File
UN = Unacceptable for filing (User Fee not paid)
WF = Withdrawn before filing

The FY 1996 first action performance goal is to review and issue a comprehensive action letter within goal on at least 80 percent of the new product applications, effectiveness supplements, manufacturing supplements and resubmissions submitted and filed during FY 1996.

Animal Drugs and Feeds

STATUS OF PROGRAM

Selected Examples of Recent Progress:

1. Review of New Product Applications

The Office of New Animal Drug Evaluation acted on 8,436 submissions for new animal drug applications (NADAs), abbreviated new animal drug applications (ANADAs), investigational new animal drug files (INADs) and generic investigational new animal drug (JINADs) files. Of these, 95 were for original new drug applications (and reactivated originals), and 1,102 were for supplements to previously approved applications. Approximately 85 percent of the 8,436 decisions were made within the statutory limit of 180 days for NADAs and ANADAs and the internally established time frame of 90 days for INADs and JINADs.

Of the actions taken in FY 1997, FDA published 102 documents reflecting NADA and ANADA approvals in the Federal Register. These approvals included some very significant new product approvals, i.e., seven new chemical entities, six products for use in new animal species, and three products available in new dosage forms. In addition, other approvals included 23 original generic approvals, 3 drug effectiveness study implementation (DESI) finalizations, 10 new product indications, and 15 additional species approved through supplements to existing approved drugs.

A sampling of the FY 1997 approvals follows:

Drug	Species	Type of Action
Propofol	Dogs	New Chemical Entity
Eprinomectin	Cattle	New Chemical Entity
Selegiline Hydrochloride	Dogs	New Chemical Entity
Orbifloxacin	Dogs	New Chemical Entity
Moxidectin	Dogs	New Species
Naltrexone Hydrochloride	Elk, Moose	New Species
Lufenuron	Cats	New Species
Doramectin	Swine	New Species
Orbifloxacin	Cats	New Species

2. Feed Mill Licensing

On October 9, 1996 the President signed the Animal Drug Availability Act of 1996 which , among other things, amends Section 512(m) of the Federal Food, Drug and Cosmetic Act to require a single facility license rather than multiple Medicated Feed Applications (MFA's) for each feed mill as previously required. This amendment streamlines the paperwork process for the approval to manufacture medicated feeds while maintaining current safeguards for the manufacture of medicated feed.

To ensure no disruption to the industry the amendment allowed any feed manufacturing facility which held one or more approved MFA's to automatically have a transitional license. The transitional license is valid up to April 8, 1998, and will only be converted by FDA to a permanent license upon receipt of a license application accompanied by a copy of an approved MFA. To date, FDA has

approved 735 permanent license applications. Feed facilities that want to be licensed and do not hold a MFA will need to register with FDA, file a license application, and undergo a preapproval inspection. Feed manufacturers are still subject to the current good manufacturing practices regulations and inspection by State or FDA. All other existing reporting responsibilities for each drug remain unchanged. A proposed rule to amend the animal drug regulations and add a new part 515 to provide for feed mill licensing was published on July 30, 1997. FDA is currently developing the final rule.

3. **Meat Residue Monitoring**

The meat residue monitoring program is the foundation of the government's efforts to ensure that food derived from animals contains no harmful drug residues. FDA and USDA work closely with each other, and in cooperation with state agencies in carrying out effective monitoring and efficient analytical methods to detect residues of toxicological concern. In FY 1997, 32 states have joined with FDA via a variety of cooperative agreements to conduct follow-up investigations of USDA-reported violations: New Jersey, Pennsylvania, West Virginia, Virginia, Ohio, Maryland, Delaware, Kentucky, South Carolina, North Carolina, New York, Georgia, Florida, Tennessee, Alabama, Louisiana, Mississippi, Michigan, Minnesota, Wisconsin, North Dakota, South Dakota, Texas, Iowa, Nebraska, Kansas, Missouri, California, Vermont, Indiana, Oregon, and Washington. These states account for over 75 percent of the food produced domestically from food producing animals.

FDA has joined with USDA to employ a balanced measure of education, voluntary compliance, and regulatory enforcement in programs designed to reduce drug residues in dairy animal. With cooperation of the leadership of the dairy producer organizations and agribusiness these programs have been undertaken to educate farmers on proper drug use in an effort to reduce violations in cull dairy cows and yearling calves.

4. **Implementation of the Generic Animal Drug and Patent Term Restoration Act**

Generic Animal Drugs undergo an Abbreviated New Animal Drug Application process. In accordance with the Generic Animal Drug and Patent Term Restoration Act, FDA publishes a monthly listing of all approved new animal drug applications in the "FDA Approved New Animal Drug Products" list. This list includes information on drug approvals, sponsorship changes, application withdrawals, patent term expiration dates, exclusivity protection dates, and suitability petition dates.

FDA is working to publish new regulations to reflect streamlined application review processes, and will include generic applications in this new regulatory matrix. The number of original generic applications received by the Center has increased from 20 in FY 1996 to 46 in FY 1997. In FY 1997, 37 original generic applications were approved.

5. **Animal Medicinal Drug Use Clarification Act of 1994**

Final regulations were published on November 7, 1996. A Notice prohibiting extra label use of fluoroquinolones and glycopeptides in food producing animals was published in the Federal Register on May 22, 1997.

6. **Approval and Monitoring of Animal Fluoroquinolones**

In FY 1997, the Center for Veterinary Medicine published "Extralabel Animal Drug Use; Fluoroquinolones and Glycopeptides; Order of Prohibition" (Federal Register: May 22, 1997, Vol.62, No. 99). This action was in response to recommendations made by the Joint CVM and CDER-Antiinfectives Advisory Committees as a necessary safeguard for the approval and use of fluoroquinolones in food producing animals. In addition, the National Antimicrobial Susceptibility Monitoring Program (NASMP) was expanded to include new sites and additional sources of isolates. Human Campylobacter isolates are now received from the active surveillance sites and susceptibility tested through the NASMP. A similar system was put into place to acquire and test veterinary Campylobacter isolates in FY 1998 in order to identify the emergence of fluoroquinolone resistance. The NASMP reporting was standardized between human isolates tested by CDC and animal isolates tested by USDA. The susceptibility testing was converted from breakpoint to MIC plates for all antimicrobials tested, allowing improved discrimination of incremental changes in susceptibility profiles. The NASMP allowed characterization of the Salmonella typhimurium DT104 epizootic in the United States which occurred in collaboration with CDC, and several Offices within USDA. International collaborations were established with the Central Veterinary Laboratory and Public Health Laboratory Service in the United Kingdom involving zoonotic enteric diseases and resistance transfer. The NASMP Interagency Working Group convened a meeting in September 1997 to share data and discuss implications of the monitoring program. Planning is continued for the growth of the NASMP in FY 1998 and beyond.

7. **Bovine Spongiform Encephalopathy (BSE)**

In March 1996, the British government announced their concern that exposure to BSE-infected beef might cause human disease. This concern grew because of a possible link between BSE and 22 cases of a newly identified variant of Creutzfeldt-Jakob Disease in humans. The potential impact on animal and human health and the high public health cost of a BSE epidemic in the U.S. has made the enforcement of the BSE rule a high priority for the Agency.

On January 3, 1997, FDA published proposed regulations that would prohibit the use of rendered protein products, such as meat and bone meal, manufactured from ruminant or mink tissues in the feed of ruminants. On June 5, 1997, the final rule was published. The final rule is based on evaluation of the comments made to the Advanced Notice of Proposed Rulemaking (ANPRM) and is designed to prevent the spread of BSE if it were to occur in the United States and to minimize any potential risk to humans. The final rule prohibits the feeding of mammalian proteins to cattle and other ruminants. FDA intends to inspect all renderers and all registered feed mills for compliance with the rule. In addition, trace forward and trace back inspections will be conducted.

FY 1997 Major Events:

Animal Drug Availability Act (ADAA)

On October 9, 1996, President Clinton signed into law the Animal Drug Availability Act of 1996 (ADAA). The primary effect of the ADAA was to modify the efficacy standard. The ADAA requires FDA to publish regulations to further define "adequate and well-controlled" studies and "substantial evidence" and to announce proposals for legislative or regulatory change to the approval process in section 512 of the Federal Food Drug and Cosmetic Act for animal drugs intended for use in minor species or for minor uses. Since the enactment of the ADAA, personnel from the Center for Veterinary Medicine, with the assistance of personnel from the Office of Policy and Office of Chief Counsel, have sent to the Office of Federal Register for publication, a proposed rule further defining "adequate and well-controlled studies" and a proposed rule further defining "substantial evidence." The final rule further defining "adequate and well-controlled studies" is currently being readied for agency clearance and publication. Furthermore, an intra-agency working group headed by FDA has developed and published, on the Internet for comment, a discussion draft of proposals for legislative and regulatory change to facilitate the approval of animal drugs for use in minor species and for minor uses. A substantial work effort continues to implement all the provisions of the ADAA.

Dioxin Contamination

In July 1997, FDA was advised of the contamination of animal feeds with dioxin which resulted in elevated levels of dioxin in chickens and catfish. Dioxin is a potent carcinogen with potential additional toxic and reproductive properties. There are no tolerances or other administrative levels for dioxin in food or feed. Dioxin contamination was found in animal feeds distributed to over 3,400 consignees throughout the country. After lengthy investigation, the source of the dioxin contamination was traced to a mined clay product called "ball clay," which is used as an anti-caking agent in soybean meal, in other feed components, and in complete animal feeds. In October 1997, the Center directed that any further distribution and use of the feed known to be contaminated with dioxin be stopped immediately. This directive was carried out across the country. In addition, a barge in one of the country's main seaports that was ready to export animal feed known to be contaminated with dioxin was not exported nor would any other contaminated feed. Also, FDA decided not to allow the use of the contaminated feed in pet food. FDA is taking steps to assure that ball clay will not be used in food products in the future.

Medical Devices and Radiological Health

STATUS OF PROGRAM

The primary goals of FDA's Medical Devices and Radiological Products program are to ensure the safety and effectiveness of medical devices and to eliminate unnecessary exposure to radiation from medical, industrial, and consumer products while maximizing the benefits from necessary exposure.

Selected Examples of Recent Progress:

1. Product Evaluation

The Medical Device Radiological Health program devotes a large portion of its resources to the review of device applications -- premarket notifications (510(k)s), premarket approval applications (PMAs) and supplements, and investigational device exemptions (IDEs). Medical device review is FDA's highest device resource priority. During FY 1997, FDA continued to make significant gains in its medical device review program. Specifically, backlogs were eliminated for all new product submissions and turnaround times for processing these submissions improved across the board. FDA received a total of 9,824 major product review submissions in FY 1997 which is an increase over the 9,417 total submissions received in FY 1996.

2. Significant Medical Device Approvals/Clearances

During FY 1997, FDA approved 48 PMAs and cleared 4,405 premarket notifications or 510(k) devices for marketing. Many of these devices were significant advances that were first-of-a kind devices that used a new technology or energy source or provided a major diagnostic or therapeutic advancement. The following list of devices represents some of the significant breakthroughs in new medical technology.

- Electrical stimulator devices that for the first time applied technology developed pacing the heart to other parts of the body:
  - -- Autonomic Nerve Stimulator for Epilepsy by Cyberonics, Inc. (P970003, 7/16/97)
  - -- Deep Brain Stimulating Lead by Medtronic, Inc. (P960009, 7/31/97)
  - -- Sacral Nerve Stimulator by Medtronic, Inc. (P970004, 9/29/97)
- Two needle destroyer devices that promote health professionals' safety:
  - -- Needle Destroyer -- In Hospital Use by Nic Limited, (P970036, 9/26/97)
  - -- Needle Destroyer by Millenlum Medical Supply (P960044, 3/6/97)
- Multifocal Intraocular Lens (IOLs) which provide patients with much more freedom from spectacles than monofocal IOLs:
  - -- AMO® Array® Multifocal Ultraviolet-Absorbing Silicone Intraocular Lens Model SA40N by Allergan Medical (P960028, 9/5/97)

- Two alternative new treatments for knee pain associated with osteoarthritis:

-- Sodium Hyalronic Acid for Intra articular Injection by Fidia Pharmaceutical Corp., (P950027, 5/28/97)
-- Sodium Hyalronic Acid for Intra articular Injection by Biomatrix, Inc. (P940015, 8/8/97)

- First burn cover containing tissue material manufactured through bioengineered cells grown in an artificial device matrix:
  -- Burn Covering by Advanced Tissue Sciences (P960007, 3/18/97)

3. FY 1997 Device Review Performance

PMAs: Premarket approval applications involve new products that represent the highest potential risk and benefit to consumers. As such, FDA has redirected its limited resources to reviewing these high-impact products where direct intervention helps consumers and health care professionals most.

FDA: Approved 48 PMAs, including two approved Humanitarian Device Exemption applications (HDEs).

- Completed 51 percent of first actions within 180 days for the 35 filed PMAs received in FY 1996 (as of September 30, 1997). This compares to 30 percent for applications received in FY 1995, as of September 30, 1996.
- Successfully eliminated the PMA backlog. The number of PMAs active and overdue was reduced to zero, compared to 17 at the end of FY 1996.
- Reduced to zero the number of PMA supplements active and under review for more than 180 days, down from 17 at the end of FY 1996.

510(k)s: 510(k) devices are those found by FDA to be substantially equivalent to devices already on the market for which premarket approval is not required.

FDA: Completed 64 percent of final actions within 90 days for 510(k)s received during the first nine months of FY 1997. This compares favorably to 61 percent for 510(k)s received in FY 1996.

- Completed 98 percent of first actions within 90 days for applications received during the first nine months of FY 1997 as compared to 94 percent for applications received in FY 1996.
- Maintained the FY 1996 accomplishment of no 510(k) overdue backlog.

Investigational Device Exemptions (IDEs): An investigational device exemption is required for clinical investigation of a device if it poses a significant risk and it also permits a device to be shipped in interstate commerce for clinical investigation to determine its medical safety and effectiveness. Over the past couple of years, FDA has implemented new strategies to improve the quality of submissions for IDEs that have dramatically shortened the time until studies may begin. These steps included pre-IDE meetings with device manufacturers and the development of extensive guidance and educational materials to help manufacturers become more familiar with FDA's requirements and expectations. These improvements have produced significant results.

FDA: Reviewed 272 IDE submissions and approved 172. Of these, 69 percent were approved in their first 30 day review cycle (decision cohort).

4. Reengineering/Reinvention Activities

Having made significant strides in reinventing agency processes, improving performance, and streamlining activities for its medical device program, FDA is continuing to improve performance through process Reengineering. Reengineering efforts will help the Agency to identify and focus resources on high-risk, high-impact devices or work areas where there are significant public health implications. Some specific initiatives include:

- Changing the 510(k) Paradigm to allow manufacturers of Class II devices whose design and manufacture conform to consensus standards to use an abbreviated format for their 510(k) submissions. The agency is also exploring design controls as a possible substitute for case-by-case review when the manufacturer wishes to modify a design feature of a device. In addition, the agency is proposing to exempt most Class I medical devices -- those that pose little or no risk to users -- from the 510(k) requirement. Conversely, where de facto special controls exist, the agency is proposing to shift some Class I devices into Class II where they fit better under the statutory scheme.
- Continuing a two year pilot program, which began August 1996, for review of low-to-moderate-risk medical devices by outside organizations to determine whether such a system can speed the review of these devices, maintain the independence of the review, and reduce costs by enabling the Agency to target its resources on higher risks. A *Federal Register* notice calling for third party reviewers was published on April 3, 1996.
- Conducting a real-time review initiative in two device review divisions for PMA supplements. This pilot is assessing the feasibility of conducting document reviews in real-time, via a meeting or teleconference forum. Expected benefits include faster reviews and more efficient use of FDA staff time.
- Testing the use of Product Development Protocols (PDP) as an alternative to PMAs whereby FDA and the manufacturer will agree in advance on what will constitute good study design and a successful outcome. When the study is completed, FDA needs only to review the results to see whether the previously agreed upon criteria have been met. The PDP process should be quicker and more efficient than the PMA process and prevent firms from making false starts on studies that may not be adequate.
- Initiating a pilot project that will change FDA inspection procedures for firms with a good history of past compliance with FDA requirements. These changes will include advance notification of inspection, an opportunity for firms to note on the official inspection record violative findings that had been immediately corrected, and a letter from FDA informing firms that they had successfully passed the inspection.
- Piloting a "sentinel" system that includes a fixed sample of hospitals and other medical facilities (sentinel facilities) who will report to FDA in depth about device problems. The resulting data will be extrapolated to reflect national trends. The sentinel system has the potential to enhance the validity and reliability of data submitted to the Agency and thus, afford a higher level of public health protection.

5. Mammography Quality Standards Act of 1992 (MQSA)

During FY 1997, FDA took the following actions to implement MQSA:

- Published final regulations on October 28, 1997. The majority of these regulations will become effective on April 28, 1999 with a portion of the equipment standards becoming effective on October 28, 2002. Copies of the regulations, along with a Small Entity Guidebook, are being sent to all mammography facilities and other interested parties.
- Trained and certified an additional 41 MQSA inspectors keeping the current total of MQSA inspectors at 248.
- Issued 5,746 MQSA facility certificates and conducted 9,569 facility inspections.
- Performed 222 audit inspections under the Inspector Quality Assurance program.
- Held two meetings of the National Mammography Quality Assurance Advisory Committee.
- Performed 4 Accreditation Body Site visits.
- Conducted a Facility Satisfaction Survey to determine the reactions of mammography facility staff to the annual MQSA inspection.
- Requested three facilities to conduct notifications of patients potentially affected by the facilities lack of quality mammography. The facilities notified the referring physicians and the patients by certified mail.
- Issued a Mammography Facility Performance Report listing facilities that had adverse actions taken against them in 1996.
- Developed a facility for calibrations of radiation metrology probes in use in certification of mammography facilities. The mammography probe calibrations are now a standard feature of the FDA calibration program.

6. AIDS

The following intramural laboratory science efforts in FY 1997 addressed issues that helped to prevent the spread of HIV and to increase the comfort level of persons diagnosed with AIDS:

- Performed a risk assessment of Ultraviolet (UV) radiation that is extensively used in the treatment of skin diseases among persons with AIDS. The risk assessment demonstrated that viral activation is of low concern for persons with AIDS and concluded that no FDA action is needed to restrict or modify the usage of UV in treating HIV-infected individuals.
- Conducted laboratory studies that revealed that UV and psoralens and ultra violet A (PUVA) therapies have equivalent and low risks of viral activation. These findings counter beliefs that PUVA is less safe because of the depth of skin penetration in PUVA therapy.

7. Radiation Control and Health and Safety Act (RCHSA)

The following activities were conducted in FY 1997:

- Published a notice of proposed amendments to the fluoroscopy standards in the *Federal Register*. This was an outcome of the Technical Electronic Products Radiation Safety and Standards Committee (TEPRSSC) meeting in April. The Committee also discussed FDA involvement with the following areas: cellular telephones, microwave clothes dryers, laser

standards, electromagnetic interference medical ultrasound, and mercury vapor lamps.

- Published proposed amendments to the Diagnostic X-Ray Standard to control radiation from fluoroscopic systems.
- Published the results of the 1991 Nationwide Evaluation of X-ray Trends (NEXT) survey in the January issue of Radiology. NEXT continues to work with State radiation control agencies in collecting data on medical radiation practices and products. Analysis of NEXT survey data for dental, chest, and abdominal examinations is continuing and the publication of the results are forthcoming.
- Published brochures summarizing patient exposure during chest and dental examinations and disseminated them to state radiation control agencies for facility education.
- Calibrated X-Ray metrology equipment for use in field surveys of diagnostic X-Ray equipment performance. FDA continued to receive full accreditation by the National Voluntary Laboratory Accreditation Program (NVLAP) for its calibration program.
- Calibrated instruments in use in the microwave oven performance standard's routine enforcement at FDA's laboratory in the State of Massachusetts.

8. Postmarket Assurance

FDA receives and evaluates more than 90,000 reports of device problems each year, including mandated reports received from device manufacturers, importers and user facilities; and voluntary reports received through the consolidated MedWatch program. FDA also receives postmarket surveillance data from laboratory and statistical studies, field inspections and investigations, 510(k)s, PMAs, PMA supplements, and postmarket surveillance studies. FDA performed the following activities in FY 1997:

- Issued ten postmarket safety notifications, including one Safety Alert and two Public Health Advisories advising health care professionals, professional organizations, manufacturers, and Federal agencies about the following concerns and issues: (1) lasers for refractive surgery, (2) potential problems with cellulose acetate dialyzers, (3) risks of devices for direct detection for group B streptococcal antigen, (4) potential contamination with reusable medical devices, (5) deterioration of zirconia ceramic heads of total hip prostheses, (6) radioactivity in radiation protection devices, (7) potential Year 2000 effects on computer systems and software applications used in medical devices, (8) limitations of assays for antibodies to Borrelia burgdorferi, (9) limitations of Toxoplasma IgM test kits, and (10) loss of vacuum in electronic resonating components.
- Continued to support electronic adverse event reporting. FDA plans to initiate rulemaking to have all adverse event reports submitted electronically from manufacturers. Electronic Data Interchange (EDI) Phase II will also be implemented (EDI Phase I invited firms to transfer certain adverse event reports to FDA electronically). In addition, FDA is evaluating the use of an Internet template for receiving MDR reports.

9. Enforcement

FDA performed the following activities in FY 1997:

- Administered the Diagnostic X-Ray Compliance Testing Program which surveyed approximately 2,000 diagnostic X-ray systems for compliance with the Federal performance standards
- Acted on enforcement and legal proceedings:
  - -- Issued 14 Warning Letters to foreign and domestic firms for violations of the Electronic Product Radiation Control (EPRC) or GMP.
  - -- Classified 74 Recall actions related to violation of EPRC or medical device regulations.
  - -- Approved 2 and disapproved 1 Variance request(s).
  - -- Disapproved 1 request for exemption from applicable X-ray performance standards.
- Reviewed radiological health product reports and supplements:
  - -- 3 PMAs,
  - -- 3 standards review requests and
  - -- 9 domestic and 28 foreign Establishment Inspection Reports
- Responded to 62 manufacturer, consumer and trade inquiries and complaints and 32 FOI requests.
- Issued 15 notifications of noncompliance with the Federal Laser Standard to manufacturers, 5 approvals of Corrective Action Plans (recalls) and 7 approvals of exemptions from notification or purchasers and corrective action.
- Spearheaded a FDA press release warning parents and school officials about the dangers of the misuse of laser pointers.

10. <u>Science</u>

FDA performed the following science-related activities in support of premarket and postmarket medical device review:

- Participated in the following device reviews:
  - -- 106 IDEs/IDE supplements
  - -- 88 PMAs/PMA supplements
  - -- 125 510(k)s
- Contributed to 490 consensus standards efforts with 38 standards organizations (10 international)
- Conducted numerous methods development activities, some of which are related to: evaluation of mammography, use of ultrasound for bone densitometry, standard abrasion test for coatings on orthopedic implants, and barrier properties of endoscope sheaths.
- Completed more than 1,400 laboratory calibrations for field x-ray metrology equipment to support compliance operations. To support MQSA, 333 instruments were calibrated for compliance metrology in mammography facilities.
- Delivered 143 Presentations and 121 publications on full details and summaries and results of laboratory studies.

National Center for Toxicological Research

STATUS OF PROGRAM

The National Center for Toxicological Research (NCTR) operates under a credentialed strategic plan that has been reviewed by our stakeholders, which include NCTR senior staff, other senior staff within FDA, the FDA Office of Science, and the FDA/NCTR Science Advisory Board (consisting of academia, industry, and other Agency scientific experts). The plan provides guidance on research direction for the NCTR to meet the needs of the Agency consistent with the requirements of the Government Performance and Results Act (GPRA). Research at the NCTR is divided into three strategic goals. The goals include: 1) *building knowledge bases* through the use of electronic learning tools that analyze available scientific information and improve our ability to predict the toxicity of chemicals in animals and humans; 2) *developing new strategies for the prediction of toxicity* that are less resource intensive, faster, and more heavily based on known mechanisms of toxic action than are currently used animal tests; and 3) *conducting method-, agent-, and concept-driven research* to assist in solving current, critical regulatory problems for the Agency.

Over the past year, the Center has continued to redirect its research into areas that are most pertinent to FDA needs. Organizational changes have been made to improve our effectiveness and efficiency. The Division of Reproductive and Developmental Toxicology was integrated with the Division of Genetic Toxicology to develop more intellectual synergy. The Divisions of Chemistry and Microbiology were combined under one leadership to facilitate coordination with the ORA as the new Arkansas Regional Laboratory develops and to provide better support for the FDA Food Safety Initiative.

Selected Examples of Recent Progress

1. **Development of Knowledge Bases.** Development of Toxicological Knowledge Bases (TKB) with predictive capability to support regulatory decision-making and identify research gaps is among FDA's key strategic goals. The Estrogen Knowledge Base (EKB) is a prototype TKB that will assist in risk and regulatory decisions for exogenous compounds that may alter estrogen responses and disrupt vertebrate endocrine systems. Programming was completed for the basic system infrastructure that provides an Internet-accessible, virtual environment where researchers can share pertinent research citations, data and predictive models. During the program's first year, several computational chemistry methodologies were evaluated and found to yield statistically robust correlations for predicting estrogenicity. Partial support for this work was provided by the FDA Office of Women's Health. The EKB required investment in scientific hardware and software systems that are being supported through a Cooperative Research and Development Agreement (CRADA) with the Chemical Manufacturers Association. This CRADA is also funding *in vitro* experiments at FDA that will provide receptor binding data needed to refine the computational predictive models. During the next program phase, FDA will use and customize the system to facilitate collaborative research with the Center for Devices and Radiological Health (CDRH), the Center for Food Safety and Applied Nutrition (CFSAN), and the Center for Drug Evaluation and

Research (CDER). The goal of these collaborations is to elucidate risks for compounds of concern to the centers and FDA's Endocrine Disruptor Working Group. Importantly, FDA is pursuing partnerships with the Environmental Protection Agency (EPA) that may lead to use of the EKB by the Endocrine Disruptor Screening and Testing Committee (EDSTAC). In particular, the system may provide the appropriate environment to support both the validation and testing phases of the EPA's efforts to meet the requirements of the 1996 congressionally mandated Safe Drinking Water Act and Food Safety Act amendments.

2. Method-, Agent-, and Concept-Driven Research (Comprehensive Science-Based Bioassessment.) Relating animal toxicity data to humans continues to be a perplexing problem for scientists and regulators alike. A diverse group of scientists at the NCTR in conjunction with collaborators in other FDA centers and academia have begun to explore new, innovative approaches to better predict human risks from existing rodent bioassay data. Over the past year, the dosing components of the chronic bioassays on the pediatric sedative, chloral hydrate, and a universal corn product contaminant, fumonisin B_1, have been completed. Pathology evaluations and final reports are underway. When complete, these data will be used by the FDA to accurately set exposure limits for these products. In addition to the two completed studies, similar studies are underway to evaluate the toxicity of an aquaculture therapeutic, malachite green, and an alcoholic beverage contaminant, urethane. Ancillary mechanistic studies parallel these standard assays in order that improvements can be made in human risk assessment. Statisticians are assessing new ways to evaluate data, toxicologists are looking at metabolism and detoxification as the bases for individual differences in susceptibility, and biochemists are studying the bases for variations between species.

3. Develop new strategies for the prediction of toxicity. Molecular biology has allowed scientists to insert portions of the human genome into the DNA of cells in culture, rodents or bacteria. Using this transgenic technology, scientists are learning more about how specific chemicals cause toxicity in humans. In partnership with other research centers and product centers, FDA has developed a battery of transgenic models that can be used to screen for toxicities and better understanding mechanisms of toxicity. The models include human lymphoblastoid cell lines and cell lines in which human genes have been inserted (MCL5); the Big Blue Transgenic Rat, the ϕX174 transgenic mouse, the p53 knockout mouse, and a newly derived $tk^{+}/-$ mouse. The strength of the transgenic program is the multidisciplinary environment in which it exists. Neurotoxicologists, reproduction specialists and scientists working on mechanisms all have access to tools that will allow them to unravel complex mechanistic puzzles. For example, the data generated in the transgenics program are used by the molecular epidemiologists to study human disease processes at the molecular level and by toxicologists trying to better understand cross-species extrapolation.

A relatively new screening method, the neonatal mouse carcinogenicity test, shows promise as a method to accelerate cancer testing and to confirm genetic toxicity. In the past year, FDA has started the evaluation of over 24 potential carcinogens using the neonatal mouse assay, many of which are regulated drugs or products. The goal of this effort continues to be to develop a less costly, accurate, rapid method to predict human risk.

Tobacco

STATUS OF PROGRAM

On August 23, 1996, FDA issued its final regulation of nicotine-containing cigarettes and smokeless tobacco products. The rule was the culmination of an intense multi-year investigation which sought to determine if FDA has jurisdiction over these products and if so what form regulation should take. The rule limits the access that young people have to tobacco products by setting a minimum age of purchase, requiring that retailers check a photo identification of all customers under the age of 27 when purchasing tobacco, banning self-service and vending machine sales, and banning free samples. The rule also contains restrictions on the advertising and marketing of these products in order to reduce the appeal these products have for young people -- including requiring most advertising to be in a black text on a white background format, banning billboards within 1,000 feet of schools and playgrounds, banning all non-tobacco items identified with a tobacco brand and banning sponsorship of events by tobacco companies.

Creation of a new tobacco program at FDA

In FY 1997, FDA undertook to create an entirely new program to effectuate its jurisdiction and to implement its final rule. The most important responsibilities for the program during this first year of operation were the defense of the agency's jurisdiction and its choice of regulatory measures in court and the establishment of an effective program to ensure that retailers are aware of and in compliance with the new rules prohibiting sales to minors. The age and photo identification requirements went into effect on February 28, 1997. The rest of the access restrictions and all of the advertising restrictions, except the sponsorship provisions, were scheduled to go into effect near the close of FY 1997, on August 28, 1997.

Legal defense of the agency's jurisdiction and choice of regulatory measures

The cigarette, smokeless tobacco, advertising, and retail industries and others brought suit in the United States District Court for the Middle District of North Carolina (Greensboro Division) to invalidate FDA's assertion of jurisdiction and enjoin its regulations. Argument was heard on February 10, 1997 and the Court issued its decision on April 25, 1997 upholding FDA's jurisdiction and its access and labeling regulations. The Court held that the statutory provision relied on by FDA does not provide FDA with authority to regulate advertising and promotion of tobacco products. Furthermore, the court delayed implementation of all remaining provisions, pending appeal, except those already in effect for age and photo identification.

Both the government and plaintiffs appealed to the United States Court of Appeals for the Fourth Circuit. That argument was heard on August 11, 1997. No decision has been issued. In the meantime, FDA continues to implement and enforce the two access provisions already in effect.

Implementation of the rule

The goal of the program is a 50 percent decline in young people's use of tobacco within seven years of all provisions in the final rule going into effect. FDA engaged in two major activities in FY 1997 -- enforcement and outreach. In this first year of implementation, most of the program's funds were expended for contracts for investigations to ensure that tobacco products are not sold to minors and to ensure that those industries directly affected by the rule know what their new responsibilities are.

Enforcement and evaluation

In FY 1997, the Agency undertook the enormous task of designing and implementing an effective tobacco control program aimed at reducing young people's access to cigarettes and smokeless tobacco products. The task required that the Agency devise a program which would be perceived as credible and effective by those subject to it and which would be sufficiently comprehensive to eventually include investigations of most, if not all, of the nation's approximately 400,000 plus sellers of tobacco products. The program had to include frequent investigations, and effective enforcement actions, with real penalties, against those establishments found to have violated the age and identification requirements. The Agency conducted extensive research reviewing existing enforcement programs established by state tobacco control agencies. FDA also closely collaborated with the Substance Abuse and Mental Health Services Agency (SAMHSA) in reviewing that agency's tobacco control activities. Because the U.S. District Court stayed the implementation of all provisions of the rule except age and photo identification, the program focused exclusively on those provisions.

In FY 1997, FDA designed a pilot program for enforcement in 10 states. The Agency, consistent with its practices in other areas, determined that it would commission state and local officials to enforce the federal rule -- specifically, to conduct unannounced visits to retailers using adolescents aged 15 and 16, who would attempt to purchase cigarettes or smokeless tobacco. FDA solicited partners from among those states willing to be the first to contract with FDA to enforce this new rule. Contracts were written, negotiated, discussed and signed with 10 states, establishing a presence in all regions of the U.S. by the close of FY 1997. Each contract required the state to conduct approximately 300 to 350 inspections per month.

Prior to signing contracts with the states, commissioning state officials and implementing the inspection program, the Agency had to design the infrastructure necessary to support this effort.

In support of this effort the Agency:

- Developed an investigation process described in a new Compliance Program Guidance Manual.
- Designed a training program to train a vast number of investigators in each state.
- Created a plan for escalating penalties for multiple violations by the same retailer.

- Began the process of creating and maintaining a national list of retailers that sell tobacco

products.

- Designed a computer system equipped to print compliance check forms for each state with the names of retailers to be visited; receive and track results of investigations; print compliance and violation letters; and establish and maintain the legal record for later civil money penalty proceedings.

The goal of the Agency's effort is eventually to inspect each retailer at least once each year to ensure compliance with the regulation. At the end of an investigation, the commissioned official must fill out a compliance check form indicating whether the retailer did or did not sell to the underage minor. Those forms are faxed or mailed to FDA. Each retailer who refuses to sell to a minor, receives a letter indicating that he/she is in compliance with the regulation. Those who sell illegally, receive a warning letter indicating that they have violated the rule and that additional compliance checks will be conducted. Commissioned officials will visit all establishments found to be in violation to determine if the retailer sells to a minor again. A second illegal sale results in a notice from the FDA that it intends to seek a civil money penalty in the amount of $250.

FDA developed an investigation training program for those state and local officials who were to do the actual inspections. In March 1997, FDA conducted a Train-the-Trainer session with at least 50 representatives from all 5 regional and 21 district FDA offices. Those representatives in turn were responsible for training the designated state and local officials as each new state contract was signed. The training was disseminated at an interactive video conference, to provide consistent information and allow for real time questions. The Agency created a Manual to be used by the regional and district representatives in their training.

Finally, the Agency developed a compliance guide for retailers detailing the new requirements and providing useful information on how to comply with the rule.

The first state commissionings took place in July 1997. The first compliance checks began in August 1997. By the close of FY 1997, investigations were either well underway in each of the contract states or in the final stages of planning.

Outreach

The FDA rule is intended to change the environment in which cigarettes and smokeless tobacco are marketed and sold so that these products are less appealing to young people and harder for them to obtain. The purpose of the Agency's outreach efforts is to inform those affected by the rule so that they understand why these measures are essential to reducing the number of young people who use tobacco and what their new responsibilities are under the rule. Outreach efforts were planned to educate retailers and other affected industry members and to enlist the support of state and local public officials, voluntary health organizations, parents and community groups.

In FY 1997, FDA:

- Mailed letters to 400,000 retailers, in advance of the February 28 date when the age and photo identification restrictions went into effect, detailing the new requirements and telling retailers how they could get additional information.
- Produced and disseminated a live interactive video conference in 25 cities to explain the new requirements and to permit questions.
- Held 10 regional town meetings with retailers and other interested parties -- Atlanta, Georgia; Baltimore, Maryland; Boulder, Colorado; Chicago, Illinois; Detroit, Michigan; Houston, Texas; Los Angeles, California; Miami Florida; and Seattle, Washington.
- Established and staffed a toll-free hot line number to respond to retailers and interested persons with questions about compliance or to provide requested information, including pamphlets. The toll-free number also receives complaints of violations. (Approximately 8000 callers.)
- Created and disseminated brochures, fact sheets, etc. explaining the rules' requirements (some materials are available in up to 7 foreign languages).
- Created and disseminated posters for retailer use in English and Spanish (50,000).
- Established a tobacco regulation web site on FDA's Internet home page to provide information including:
    - Answers to frequently asked questions
    - Basic information brochures for consumers
    - Brochures for retailers
    - Copies and analyses of the rule and court filings and decisions, and
    - Compliance guide for retailers.
- Mailed letters to all retailers in each state as those states signed contracts with FDA to inform them of the impending tobacco compliance checks.
- Provided speakers on at least 50 occasions and provided exhibits for 20 national meetings explaining the new rule.
- Published numerous articles in peer reviewed scientific and medical journals and in popular publications .
- Developed radio, print, billboard and point of purchase advertisements to remind retailers not to sell to minors and to encourage smokers and others to cooperate as clerks carded anyone under 27 who wanted to buy cigarettes or smokeless tobacco.

Other

Preemption -- The Agency's first official action was to institute a process for receiving and granting preemption waivers for state and localities, which have laws or regulations that are more stringent than FDA's regulation. Two Federal Register notices were published in FY 1997 informing the states of this preemption and providing them with information about requesting a waiver. The first group of exemption requests dealt with state age and identification requirements. The work on those requests was completed in FY 1997, and the final rule published in early FY 1998. Work is ongoing on the second set of requests -- those dealing with other state access requirements. A response to over 300 requests for additional waivers for state and local laws and ordinances is scheduled to be published in FY 1998.

Vending machine lawsuits -- In FY 1997, FDA was sued in four separate actions by vending machine companies concerned with the rules' restrictions on vending machines. The Agency is actively involved in defending those actions.

Petitions, letters and negotiations -- In FY 1997, FDA received numerous citizens petitions and letters about the tobacco rule, and enumerable industry requests for meetings and negotiations about the scope of the rule. The Agency has held many meetings with industry to better understand its concerns and continues to respond by letter, petition response or rulemaking.