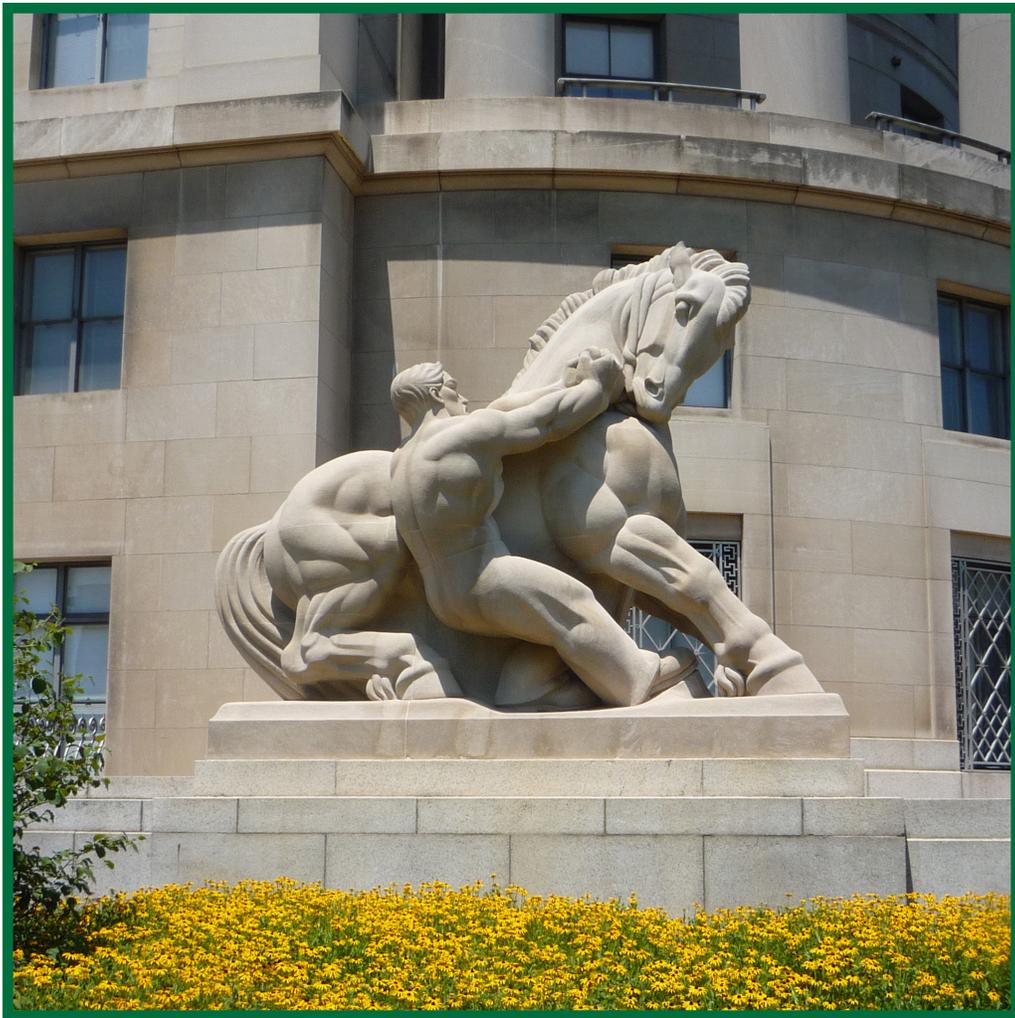


FEDERAL TRADE COMMISSION



FISCAL YEAR 2017
CONGRESSIONAL BUDGET JUSTIFICATION

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EDITH RAMIREZ
CHAIRWOMAN

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

February 9, 2016

The Honorable Ander Crenshaw
Chairman
Subcommittee on Financial Services and General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable John Boozman
Chairman
Subcommittee on Financial Services and General Government
United States Senate
Washington, DC 20510

Dear Chairmen Crenshaw and Boozman:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2017 budget request.

The FTC's FY 2017 budget requests a program level of \$342,000,000 and 1,211 full-time equivalent (FTE) positions. This is an increase of \$35,100,000 from the FY 2016 enacted level. As the justification materials describe, this budget will permit the FTC to continue to meet the ongoing challenges of its mission to protect consumers and promote competition.

This budget justification includes the FTC's Annual Performance Plan and Report. The performance data presented here is a reliable and complete assessment for the year. More information can be found in the *Verification and Validation of Performance Data* section and the *Data Quality Appendix* located at <https://www.ftc.gov/reports/2014-2018-performance-data-quality-appendix>.

By direction of the Commission.

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Edith Ramirez

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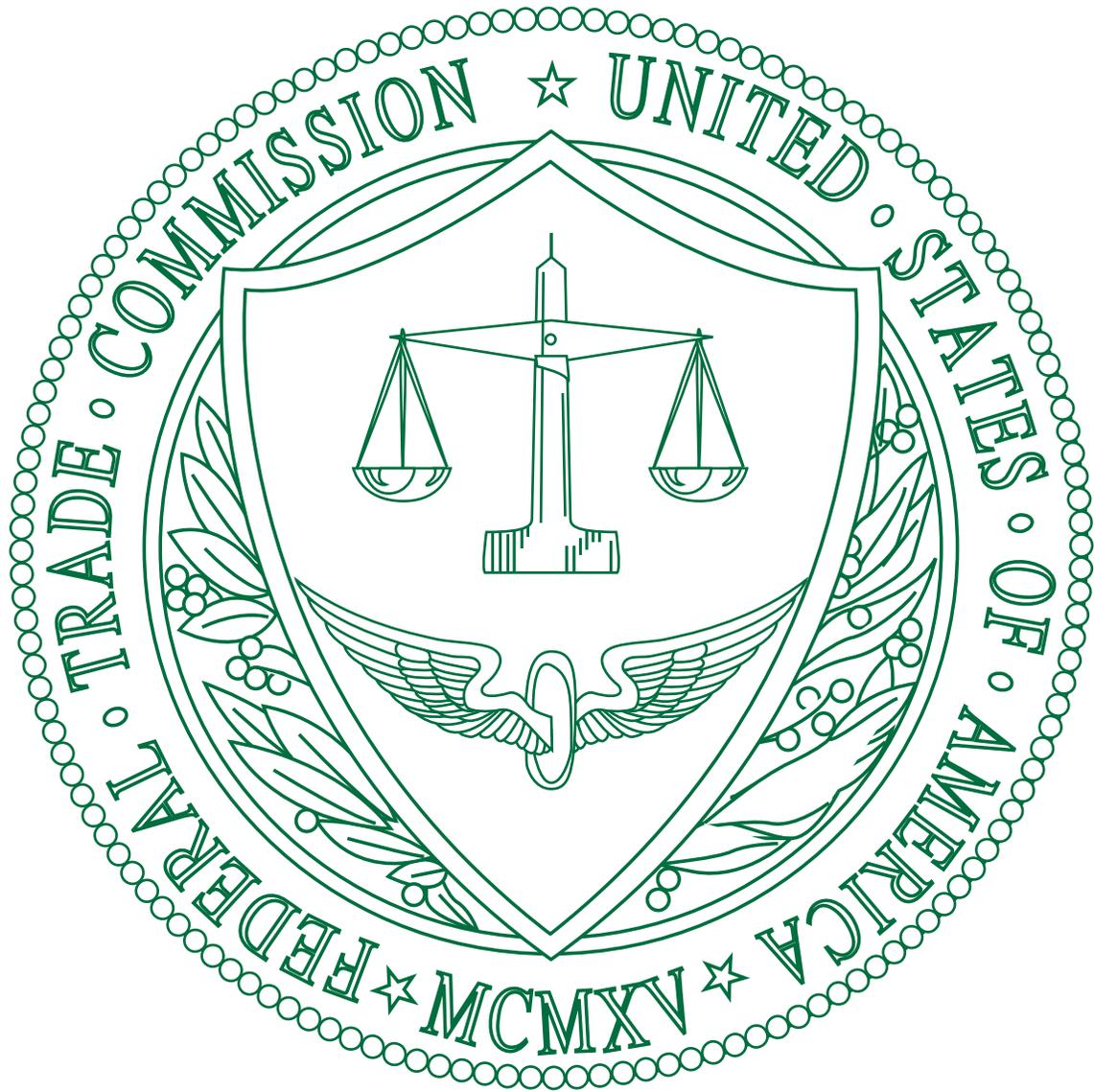
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BUDGET REQUEST



Budget Request Summary

(\$ in thousands)

Budget by Goal:	Fiscal Year 2016		Fiscal Year 2017		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Protecting Consumers	637	\$171,225	638	\$184,765	1	\$13,540
Promoting Competition	554	135,675	573	157,235	19	21,560
Total	1,191	\$306,900	1,211	\$342,000	20	\$35,100

Budget by Funding Source:

Offsetting Collections				
HSR Filing Fees		\$124,000	\$128,000	\$4,000
Do Not Call Fees		14,000	15,000	1,000
Subtotal Offsetting Collections		\$138,000	\$143,000	\$5,000
General Fund		168,900	199,000	30,100
Total		\$306,900	\$342,000	\$35,100

Summary of Changes

(\$ in thousands)

	FY 2016	FY 2017	Change
Budget Authority	\$306,900	\$342,000	+\$35,100
Full-time Equivalents	1,191	1,211	+20
Explanation of Changes:			
		FTE	Dollars
A. Mandatory Expenses			
Pay raise and upward grade classifications		---	+\$4,694
Suitability / security investigations and employee credit monitoring costs related to OPM personnel security breach		---	+29
Contract and other non-pay inflation		---	+2,253
		Subtotal	+\$6,976
B. FTE Increases			
Bureau of Competition		+13	+\$2,275
Bureau of Consumer Protection		+1	+\$175
Bureau of Economics		+3	+\$525
Office of the Executive Director		+2	+\$350
Office of Policy and Planning		+1	+\$175
		Subtotal	+\$3,500
C. Non-FTE Program Needs:			
Continue implementation of the agency's information technology modernization and optimization plan		---	+12,064
Increased costs for expert witness contract requirements		---	+5,000
Increased Consumer Sentinel Network costs due to consumer volume demands and enhancements for search optimization, enforcement coordination mechanism, and identity theft (in accordance with Executive Order 13681, Improving the Security of Consumer Financial Transactions)		---	+3,019
Promote competitive markets through research and data acquisition			+3,000
Improve auditing and monitoring of the FTC network to enhance cybersecurity		---	+750
Establish a research and development budget to enable the agency to keep pace with emerging technologies		---	+306
Enable compliance with NARA and OMB directive on transitioning to electronic recordkeeping, develop information governance, and implement a robust records disposition project		---	+285
Conduct a large-scale education and awareness campaign targeting military members, veterans and their families		---	+200
		Subtotal	+\$24,624
		Total Change	+\$35,100

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NEEDED RESOURCES FOR FY 2017

The FTC is a highly effective independent agency with a unique dual mission to protect consumers and promote competition. For one hundred years, the FTC has championed the interests of American consumers. The FTC is dedicated to advancing consumer interests while encouraging innovation and competition in our dynamic economy. To maintain its high level of performance in FY 2017, the FTC is requesting \$342,000,000 and 1,211 FTEs. This is an overall increase of \$35,100,000 above the FTC's FY 2016 enacted budget. Specifically, the FTC's FY 2017 budget request consists of:

Increases of \$6,976,000 for mandatory expenses:

- \$4,694,000 for pay adjustments related to a 2017 pay raise, upward grade classifications pursuant to 5 C.F.R. 531.401 *et seq.* and the Federal Employees' Compensation Act administrative surcharge.
- \$29,000 for increases related to suitability/security investigations and employee credit monitoring costs related to the OPM personnel security breach.
- \$2,253,000 for contracts and other non-pay inflation.

Increases of \$3,500,000 for 20 needed FTEs for our Promoting Competition goal:

- 13 FTEs in the Bureau of Competition will supplement our efforts to identify and prevent anticompetitive mergers that inhibit innovation, lead to higher prices and diminished product quality, and restrict consumer choice; stop practices that entrench market power and deny consumers the benefit of new forms of competition; and implement and monitor agreements and orders that retain or restore competition and stop anticompetitive conduct before it causes significant and potentially irreparable harm to consumers.
- 3 FTEs in the Bureau of Economics are required to support the substantial economic, statistical, and computer resources needed to analyze the growing volume of data required for investigations and studies, especially associated with health care, pharmaceutical, and energy research and enforcement activities; conduct expert analyses of this data in legal proceedings; and reduce the reliance on expensive economic expert witnesses.
- 1 FTE in the Office of Litigation Technology and Analysis housed within the Bureau of Consumer Protection to provide technical research and litigation support on competition-related activities.

- 3 FTEs for the Office of the Executive Director and Office of Policy and Planning to support the Promoting Competition goal with an enhanced IT infrastructure and research.

Increases of \$24,624,000 for non-compensation programmatic responsibilities to protect consumers and promote competition:

- \$12,064,000 to provide the resources needed to continue implementation of the agency's information technology modernization and optimization plan. Initiatives include: (1) upgrading the network to provide stability and increased security; (2) providing building-wide wireless access at the headquarters and regional offices; (3) continuing mobile device management and modernization; (4) managing website hosting, Lexis Nexis, and Westlaw contract recompetes; (5) moving to an external cloud-based email-hosting provider with a more secure, scalable, reliable, and efficient platform; (6) deploying a fully functional enterprise content management system (ECMS); (7) replacing the Matter Management System 2; (8) upgrading the e-Filing system; (9) improving e-Discovery tools; (10) enhancing the Secure Investigation Laboratory; and (11) automating premerger filings.
- \$5,000,000 for expert witnesses to enhance the Commission's ability to identify and take action against business practices designed to entrench market power, creating barriers to entry and denying consumers the benefits of reduced prices and innovation, particularly in critical sections such as high technology and pharmaceuticals; and monitor the evolving electricity power industry to spotlight important competition, consumer protection, legislative, and regulatory developments.
- \$3,019,000 for Consumer Sentinel Network increased consumer volume, search optimization enhancement, enforcement coordination mechanism, and identity theft enhancement in accordance with Executive Order 13681, *Improving the Security of Consumer Financial Transactions*.
- \$3,000,000 for research and data acquisition that improve our understanding of markets and enables the identification of areas in which law enforcement actions would have the greatest impact on promoting competitive markets.
- \$750,000 to enhance cybersecurity by focusing on improved auditing and monitoring of the FTC network by implementing a network continuous monitoring tool that will provide a unified architecture for integrating security information and event management (SIEM), log management, anomaly detection, incident forensics and configuration and vulnerability management; and improved authentication and authorization architecture to limit the probability of insider threats and data loss.
- \$306,000 to establish a research and development budget to enable the agency to keep pace with emerging technologies focused in three critical areas: (1) identifying the consumer protection and competition issues associated with new technology; (2) conducting further research into these issues; and (3) equipping staff with the proper tools to investigate and bring cases on these cutting-edge issues.

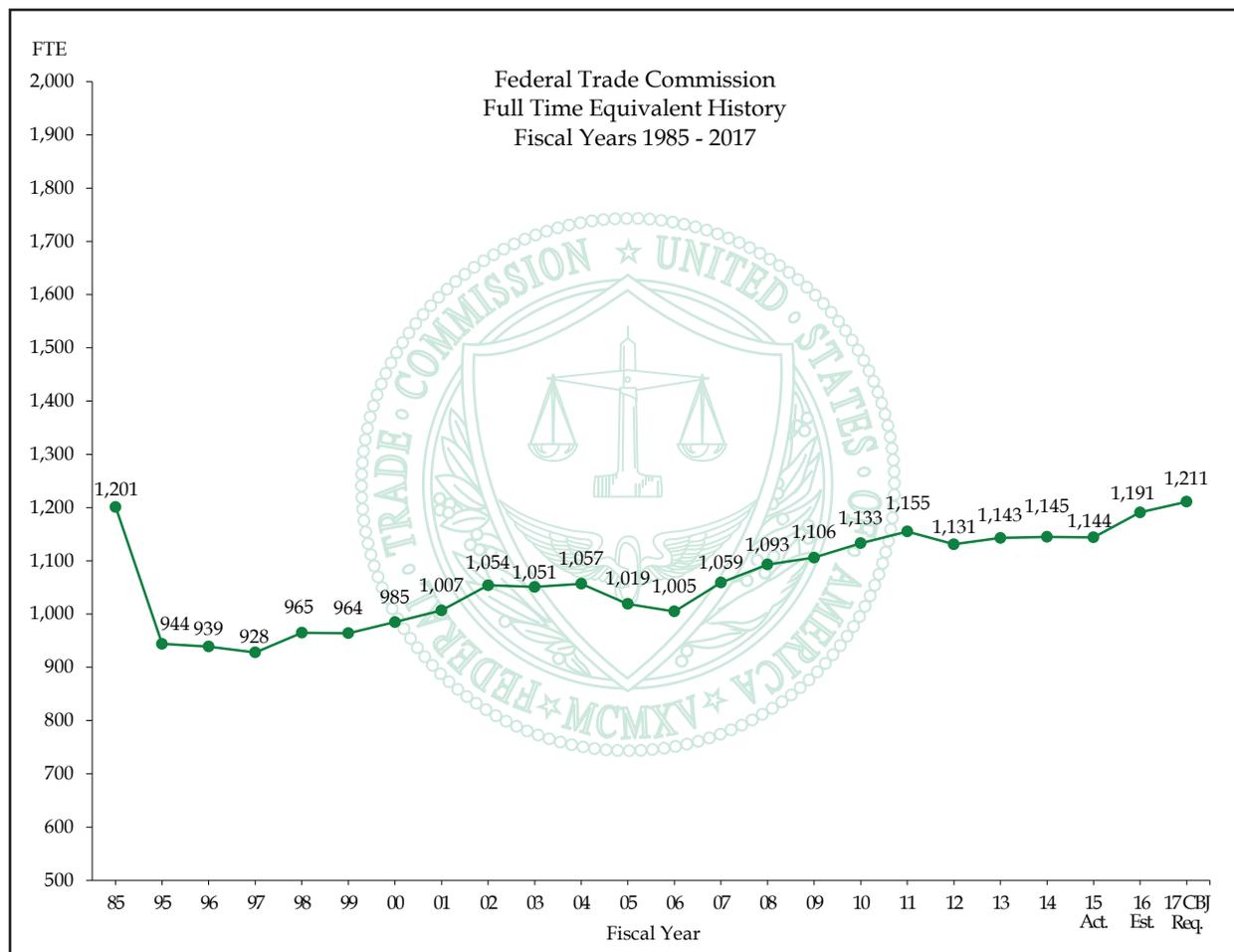
- \$285,000 to comply with the National Archives and Records Administration (NARA) and Office of Management and Budget directive on transitioning to electronic recordkeeping, to develop information governance for use in an ECMS, and to implement a robust records disposition project.
- \$200,000 to conduct a large-scale education and awareness campaign targeting military members, veterans, and their families on topics such as automobiles, debt collection, for-profit schools, and imposter scams; and to execute a campaign to create a series of financial literacy presentations and take-away materials for Tribal Nations.

APPROPRIATIONS LANGUAGE PROVISIONS

Federal Deposit Insurance Corporation Improvement Act: The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended the Federal Deposit Insurance Act. As originally enacted, the FDICIA imposed various statutory responsibilities on the FTC that the agency did not have the resources or expertise to perform effectively. Accordingly, since 1992, Congress, with Administration support, has prohibited the FTC from spending funds on some or all of the responsibilities assigned to it under section 151 of the Act.

The requested appropriations language for FY 2017 continues the revised spending restriction, reflecting legislation enacted in October 2006, which maintains an appropriately narrow role for the FTC under section 151. This role enables the FTC to continue to enforce the provisions requiring non-federally-insured depository institutions to disclose that they do not have federal insurance and that the federal government does not guarantee the depositor will get back his or her money, and retains the implementation ban with respect to “look-alike” provisions.

Other Provisions: The requested appropriations language continues in effect provisions in prior-year appropriation acts that (1) allow for the purchase of uniforms and hire of motor vehicles; (2) allow for services as authorized by 5 U.S.C. 3109; (3) limit to \$300,000 the amount available for contracts for collection services in accordance with 31 U.S.C. 3718; (4) allow up to \$2,000 for official reception and representation expenses; (5) allow for the collection of offsetting fees; (6) allow for the gross sum appropriated to be reduced as offsetting fees are collected; and (7) allow all funding to be available until expended.



OFFSETTING FEE COLLECTIONS

This submission assumes that total offsetting collections from Hart Scott Rodino (HSR) filing fees and Do Not Call fees will provide the FTC with \$143,000,000 in FY 2017. The FTC assumes the \$199,000,000 difference between offsetting collections and the \$342,000,000 request will be funded through a direct appropriation.

HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC with \$128,000,000. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public Law 106-553). The HSR Act requires that fees be split 50-50 between the FTC and DOJ’s Antitrust Division.

In FY 2017, the President’s Budget re-proposed an increase to the HSR fees and index them for the percentage annual change in the gross national product. The fee proposal creates a new merger fee category for mergers valued over \$1 billion. Under the proposal, the fee increase takes effect in FY 2018.

Do Not Call Fees. This submission assumes offsetting collections of \$15,000,000 from Do Not Call fees. These fees, first collected in FY 2003, will be used to maintain and enforce a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers and to carry out other Telemarketing Sales Rule activities.

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FEDERAL TRADE COMMISSION FISCAL YEAR 2017 OVERVIEW STATEMENT

The Federal Trade Commission (FTC) has a unique dual mission to protect consumers and promote competition in broad sectors of the economy. The work of the FTC protects and strengthens free and open markets and promotes informed consumer choice. The FTC performs its mission through a variety of tools including law enforcement, rulemaking, advocacy and research, and consumer and business education. The FTC's vision of a vibrant economy is one characterized by vigorous competition and consumer access to accurate information.

HIGHLIGHTS OF FY 2015 ACCOMPLISHMENTS

In FY 2015, the FTC took action on a wide variety of significant consumer protection and competition matters. The matters highlighted below are a sampling of the FTC's efforts to ensure that businesses and consumers alike reap the full benefits of market competition and product innovation.

PROTECTING CONSUMERS

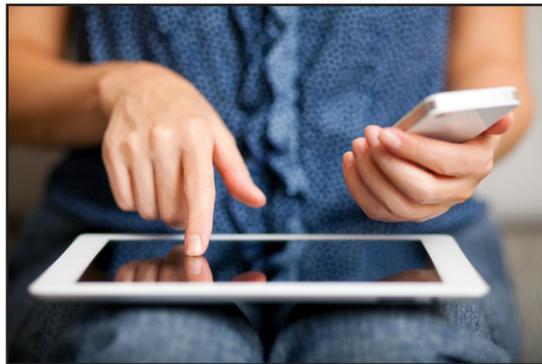
This fiscal year, the FTC emphasized four areas that reflect key challenges consumers face today: the explosive growth of mobile platforms and new technologies; privacy and data security risks; deceptive claims in new media; and fraud targeting specific communities. In addition, the FTC continued its longstanding efforts to police fraudulent practices, protect consumers in the financial marketplace, and stop deceptive health claims. The FTC also enforced its orders against repeat offenders and referred cases to criminal authorities as appropriate.

In FY 2015, the FTC filed 65 new complaints in federal district court and obtained 130 permanent injunctions and orders requiring defendants to pay more than \$874.1 million in consumer redress or disgorgement of ill-gotten gains, as well as three civil contempt orders with judgments totaling more than \$9.6 million. In addition, cases referred to the Department of Justice (DOJ) resulted in nine court judgments for civil penalties of more than \$23 million. Furthermore, the FTC issued 41 new administrative complaints and obtained 43 administrative orders in past and new cases.

During the same timeframe, the Commission issued six reports and released 57 new consumer and business education publications.

Mobile Platforms and New Technologies

The FTC continues to focus on consumer protection issues that arise from the use of new technologies, such as the explosive growth in the use of mobile devices.



- **Data Throttling:** TracFone, the largest prepaid mobile provider in the U.S., agreed to refund \$40 million to customers to settle FTC charges that it misled millions of people with promises of “unlimited” data service. The FTC alleged that TracFone advertised prepaid monthly mobile plans for \$45 per month with “unlimited” data although it drastically slowed or cut off customers’ mobile data after they used more than a fixed amount in a 30-day period. The FTC also filed suit against AT&T Mobility, Inc. for making similar misleading “unlimited data” claims.
- **Text Message Spam:** Several defendants will pay approximately \$10 million to the FTC to settle charges that they operated a massive scam that sent unwanted text messages to millions of consumers, many of whom later received illegal robocalls, phony “free” merchandise offers, and unauthorized charges crammed on their mobile phone bills.
- **Crowdfunding Scheme:** In its first case involving crowdfunding, the FTC alleged that defendant Erik Chevalier raised money from consumers to produce a board game through a Kickstarter campaign, but instead used most of the funds for other expenses. Chevalier agreed to a settlement that prohibits him from deceptive representations related to any future crowdfunding campaigns and requires him to honor any stated refund policy.
- **Deceptive Advertising of Health Apps:** The FTC charged two app developers with deceptively claiming that their mobile apps – Mole Detective and MeIApp – could analyze moles for symptoms of melanoma, increasing the chance of skin cancer detection in the early stages. In fact, the FTC alleged, the companies lacked evidence to show that their apps accurately analyze skin lesions to detect melanoma.
- **Deceptive Advertising of Mobile Game Consoles:** [Sony Computer Entertainment America](#) agreed to settle FTC charges that it deceived customers with misleading claims about the “game changing” tech features of its handheld gaming console PlayStation Vita. Sony agreed to provide consumers with either a \$25 cash or credit refund, or a \$50 merchandise voucher for select video games and/or services. The FTC also alleged that employees at Sony’s ad agency tweeted about the PS Vita from personal Twitter accounts without disclosing they worked for an agency paid to promote the console – as required by the FTC’s Endorsement Guides.

- **Robocalls:** The FTC and 10 state attorneys general took action against Florida-based Caribbean Cruise Line, Inc. and seven other companies. The FTC alleges the companies violated the Telemarketing Sales Rule by illegally using political survey robocalls to sell cruise vacations. In another case, Universal Processing Services of Wisconsin, LLC, and HES Merchant Services Company, Inc. agreed to pay \$1.7 million to settle charges that they used illegal robocalls to solicit thousands of people about a deceptive credit card interest rate reduction service and called numbers that were registered on the FTC’s Do Not Call Registry.

As part of a long-term effort to combat illegal robocallers, the FTC completed two new contests. The first contest, Robocalls: Humanity Strikes Back, challenged contestants to create a tool that people can use to block or automatically forward unwanted landline or mobile robocalls. The winning mobile app, RoboKiller, allows users to block and forward unwanted robocalls to a crowd-sourced honeypot. The app uses audio-finger print technology to identify unwanted robocalls, and send them to a SpamBox that users can access at any time. RoboKiller also gives users more control over how and when they receive calls, applying white and black list filtering and offering personal settings. The second contest, DetectaRobo, challenged contestants to use honeypot data to predict which incoming calls are robocalls. Nineteen teams registered for the contest. Judges reviewed and scored submissions based on functionality, accuracy, innovation, and creativity, and selected one winning team, and two runners-up.

- **Tech Support Scams:** The FTC took action to halt Boost Software and Inbound Call Experts, two massive telemarketing operations that allegedly conned tens of thousands of consumers out of more than \$120 million by deceptively marketing computer software and tech support services.

Privacy and Data Security

The FTC has employed a multi-pronged approach to protect the privacy of consumers’ personal information, including both law enforcement and policy efforts.

- **Unfair Data Security Practices:** On August 24, the Third Circuit affirmed the District Court’s ruling denying Wyndham Hotels and Resorts’ motion to dismiss. The Court of Appeals held that the FTC has the authority to bring enforcement actions for unreasonable data security practices under the FTC Act’s Section 5 “unfairness” standard and that Wyndham received fair notice that its practices could be found to violate Section 5.
- **Data Broker Liability:** According to the FTC, data broker LeapLab sold sensitive personal information of hundreds of thousands of people to scammers who used the information to take millions of dollars from the people’s accounts. The FTC alleges that LeapLab bought payday loan applications that included the applicant’s name, address, phone number, employer, Social Security number, and bank account number, and then sold that information to marketers, knowing they had no legitimate need for it. At least one of those marketers, Ideal Financial Solutions,

allegedly used the information to withdraw millions of dollars from people's accounts without their consent.

- **Safe Harbor Violations:** The FTC approved final orders that settle charges against two companies for falsely claiming to participate in the international privacy program known as the U.S.-EU Safe Harbor Framework. Under the settlements, the companies are prohibited from misrepresenting the extent to which they participate in any privacy or data security program sponsored by the government or any other self-regulatory or standard-setting organization.

- **Identity Theft:** The FTC maintains the federal government's central repository for identity theft complaints. Consumers can file complaints through the agency's website or by calling a toll-free number (1-877-ID-THEFT). Trained counselors advise identity theft victims about their rights and the remedies available to them under federal law. The FTC launched [IdentityTheft.gov](https://www.ftc.gov/identitytheft), a new one-stop resource that makes it easier for identity theft victims to



report and recover from identity theft. A Spanish version of the site is available at [RobodelIdentidad.gov](https://www.ftc.gov/robo-identidad). In addition, the FTC released three new identity theft publications and more than a dozen updated articles in English and Spanish to help consumers keep their personal information secure. Two new videos help consumers recover from a compromised personal computer: *Hijacked Computer: What to Do* and *Hacked Email: What to Do*. The FTC also issued two business guides, *Buying or Selling Debts: Tips for Keeping Data Secure* and *Start with Security: A Guide for Business*, to help businesses protect their customers' personal information.

- **Start with Security Initiative:** The FTC is expanding its efforts to help businesses protect consumers' information through a new initiative that will provide them with more information on data security. The Start with Security initiative includes new guidance that draws on the lessons learned from the more than 50 data security cases brought by the FTC, as well as a series of workshops to be held across the country.
- **Report on Internet-Connected Things:** The FTC released a detailed report on the Internet of Things (IoT). It comes at a time when many Americans benefit from a growing world of internet-connected gadgets including health and fitness monitors, home security devices, connected cars, and household appliances. The report recommends that companies developing IoT devices give people choices about how their information will be used, build security in at the outset, consider measures to keep unauthorized users from accessing a consumer's device or data, and where feasible, provide security patches to cover known risks.

Deceptive Claims in New Media

The FTC takes action to stop deceptive advertisements that appear in new formats and new media.

- **Deceptive Online Reviews:** AmeriFreight, an automobile shipment broker based in Georgia, agreed to settle charges that it deceptively touted positive online customer reviews while failing to disclose that the reviewers were compensated with discounts and incentives. The FTC's complaint marks the first time the agency has charged a company with misrepresenting online reviews by failing to disclose that it gave cash discounts to customers to post the reviews.
- **Deceptive Affiliate Marketing:** At the request of the FTC, a federal court ordered that an affiliate marketing network called LeadClick Media pay \$16 million, which will be used for customer refunds. According to the FTC, LeadClick Media was responsible for false claims for acai berry and "colon cleanse" weight-loss products. The FTC alleges that LeanSpa, which hired LeadClick to push its products, used a "free trial" ploy to enroll people into a recurring and hard-to-cancel \$79.99 per month purchase program. LeadClick's network allegedly lured people to LeanSpa's online store by using fake news websites featuring what appeared to be objective reviews and endorsements from journalists and customers.

Protecting Every Community

The FTC has taken enforcement action to stop a variety of fraudulent practices that target specific communities, such as Spanish-speaking consumers, seniors, and military service members and their families.

- **Scams Targeting Spanish-Speaking Consumers:** The FTC recently filed a complaint against FTC Credit Solutions for allegedly claiming to be affiliated with the FTC, marketing bogus credit repair services, and illegally charging advance fees. In the Hispanic Global Way case, a court entered an order banning the defendants from telemarketing and selling weight loss products. The settling defendants agreed to surrender all of their significant assets, and a default judgment of more than \$50 million was imposed against the remaining defendants. In the case against Oro Marketing, the defendants agreed to pay more than \$1 million to satisfy partially suspended judgments and agreed to a permanent ban on telemarketing to resolve charges that they targeted Spanish-speaking women with false promises that they could make money reselling brand-name goods, such as Gucci and Ralph Lauren. The operators of Centro Natural Corp, a fraudulent debt collection scheme, agreed to be banned from the debt collection business and telemarketing to settle FTC charges that they bilked millions of dollars from consumers by demanding payment on bogus debts and agreed to transfer approximately \$776,000 worth of ill-gotten gains.
- **Scams Targeting Seniors:** The FTC teamed up with the Florida Attorney General's Office to file two separate actions this year: one charging a New York-based operation known as Lifewatch with using illegal and deceptive robocalls to

sign up consumers for medical alert systems with monthly monitoring fees ranging from \$29.95 to \$39.95; and another against Payless Solutions for making robo-calls that tricked older people into providing their personal information and then charging them from \$300 up to \$3,499 for supposedly lowering their credit card interest rate. In a separate case, a federal court temporarily halted the sweepstakes operation of Mail Tree, Inc. and ten other companies that the FTC alleged took in more than \$28 million by tricking consumers into sending \$20-\$30 dollars each to claim their promised millions. Separately, a federal court banned Consumer Collection Advocates from telemarketing and from selling recovery services, and imposed a judgment of more than \$2.8 million against the defendants. In addition, at the request of the FTC, a federal court permanently banned Ari Tietolman, the ringleader of a multi-million dollar fraud that targeted seniors, from all telemarketing and imposed a judgment of \$10.7 million. In yet another case, a federal court prohibited Jason Abraham, a repeat offender, and his company Instant Response Systems (IRS) from calling elderly consumers and bullying them into paying for unordered medical alert devices and imposed a \$3.4 million judgment against the defendants.

- **Scams Targeting Small Businesses:** The FTC successfully halted several Canadian-based purveyors of directory scams; OnlineYellowPagesToday.com and Medical Yellow Directories, 7051620 Canada, and Your Yellow Book. The 7051620 Canada defendants agreed to pay \$1.7 million to reimburse consumers who lost money in the scam, and Your Yellow Book defendants agreed to pay \$715,476.
- **Deceptive Claims to Military Service Members:** The FTC alleged that Ashworth College targeted service members and their families to obtain their military benefits, such as GI Bill payments, for tuition by misrepresenting that students would get the training and credentials needed to switch careers or get a new job. The FTC has conducted extensive consumer education outreach to service members and their families including participation in Military Consumer Protection Day.

Fighting Fraud

The FTC has taken enforcement actions to stop a variety of fraudulent practices.

- **Business Opportunity Scams:** At the request of the FTC, a federal court ordered the Zaken Corporation to pay more than \$25 million in refunds to people who were deceived into purchasing a fraudulent work-at-home opportunity. In a separate case, a federal court ordered the “Money Now Funding” defendants to pay more than \$7 million for their phony money-making scam.
- **Health Insurance Scams:** The last set of defendants who operated as the bogus trade association Independent Association of Businesses agreed to settle FTC charges that they tricked consumers into buying phony health insurance. The settlement bans the defendants from selling healthcare-related products and imposes a judgment of \$125 million that will be partially suspended once the defendants

surrender assets valued at almost \$2 million, including \$502,000 in IRA funds and five luxury cars.

- **Fake Cancer Charities:** The FTC and law enforcement partners from all 50 states and the District of Columbia charged four sham cancer charities with taking more than \$187 million from donors and spending much of it on the sham charities' operators and telemarketers. According to the complaint, the sham charities told donors their money would help support cancer patients with medicine, groceries, transportation



for chemo treatments, counseling, and hospice care, but little or none went for those purposes. Under settlement orders, defendants Kyle Effler, Rose Perkins and James Reynolds II are banned from fundraising, charity management, and oversight of charitable assets, and Children's Cancer Fund of America Inc. and The Breast Cancer Society are dissolved. Litigation continues against the remaining defendants.

Protecting Consumers in the Financial Marketplace

Even as the economy recovers, many consumers continue to face financial challenges. The FTC has continued to take enforcement actions to stop deceptive and unfair practices in the financial marketplace.

- **Deceptive Mortgage and Debt Relief Services:** The FTC brought actions against several mortgage relief companies that promised mortgage assistance, charged illegal up-front fees, and failed to deliver loan modifications. Actions included one against HOPE Services, a sham non-profit organization that allegedly pretended to be affiliated with federal loan modification programs, and another against Los-Angeles-based Wealth Education, Inc. In another action, a federal court entered orders against 21 defendants banning them from advertising or selling unsecured debt relief products and services and imposing monetary judgments in varying amounts to remedy the almost \$51 million of consumer injury. A Florida-based scammer also agreed to a judgment of \$815,865 and a ban on any involvement with all debt-relief programs, including mortgage loan modifications. Separately, marketers who helped promote a Utah-based home loan modification scheme, Linden Financial Group, have agreed to a ban on participating in the mortgage relief and debt relief industries and to a judgment of \$28.6 million. Recently, a federal court halted and froze the assets of E.M. Systems & Services LLC, a nationwide debt relief telemarketing scam that bilked millions of dollars from consumers, pending resolution of allegations made by the FTC and the State of Florida.

The FTC also filed its first complaint against a payday loan debt relief operation charging Payday Support Center with misrepresenting that it would help resolve payday loan debts.

- **Deceptive and Abusive Debt Collection Practices:** The FTC brought actions against several debt collection operations charging them with the use of various illegal tactics such as threats of legal action, arrest, or wage garnishment; failing to identify themselves as debt collectors in texts and emails sent to debtors; and posing as attorneys or government agents. The FTC brought actions with both the New York Attorney General and the Illinois Attorney General against abusive debt collection operations. In another action, Green Tree Servicing LLC agreed to a \$63 million settlement after the FTC and Consumer Financial Protection Bureau alleged that it hurt homeowners with illegal debt collection, loan servicing, and credit reporting practices. Under the settlement, the servicer will pay \$48 million back to affected homeowners. In a separate action, Kirit Patel, Broadway Global Master Inc., and In-Arabia Solutions Inc. agreed to be banned from the debt collection business and to pay more than \$600,000 to resolve charges that they illegally processed more than \$5.2 million in payments from consumers for payday loan debts they did not owe.
- **Debt Collection Dialogues:** The FTC held the first two Debt Collection Dialogues in Buffalo, New York and Dallas, Texas. Additional events are planned for FY 2017. At each event, the FTC and its state and federal law enforcement partners will discuss recent enforcement actions, consumer complaints about debt collection practices, and compliance issues. The speakers will welcome questions and comments from collection industry members and others who attend.
- **Payday Lending:** Two payday lending companies settled FTC charges that they illegally charged consumers undisclosed and inflated fees. AMG Services, Inc. and MNE Services, Inc. agreed to pay \$21 million and to waive another \$285 million in charges that were assessed but not collected. This settlement represents the FTC's largest recovery in a payday lending case to date.
- **Auto Dealers:** Last year, the FTC and 32 partners in the U.S. and Canada announced Operation Ruse Control, a law enforcement sweep to protect consumers from deception and fraud when buying or leasing a car. The effort included six new FTC cases against companies that allegedly tricked people with deceptive tactics in auto sales, financing and leasing. As part of the sweep, the FTC approved a final consent order with National Payment Network, Inc. (NPN), a company that allegedly deceptively advertised its add-on biweekly auto payment plan. NPN agreed to issue \$1.5 million in consumer refunds and will waive another \$949,000 in fees to current customers.



- **Car Title Lenders:** The FTC brought its first cases against car title lenders. Two companies, First American Title Lending of Georgia, LLC, and Finance Select, Inc., allegedly advertised zero percent interest rates for 30-day car title loans without disclosing important loan conditions, or the higher finance charge that kicked in after the introductory period ended. The companies, which advertised in English and in Spanish, agreed to orders prohibiting deceptive advertising of car title loans. The respondents are also required to tell buyers the true cost of their loans, including all of the qualifying terms and finance charges.
- **Unauthorized Charges:** Defendant payment processors in the CardFlex Payment Solutions case agreed to settle FTC charges that they illegally processed more than \$26 million in unauthorized consumer charges. The order ensures that the defendants will no longer process payments for merchants engaged in deceptive conduct and imposes a \$3.3 million monetary judgment against CardFlex and Andrew Phillips that is partially suspended based on their current financial condition. Phillips will pay \$150,000 and turn over nearly \$1.2 million worth of jewelry that the FTC will sell at auction. In four separate cases, the FTC took action against bogus “free” product and service offers that resulted in unauthorized charges for consumers. The matters include online skin care products sold by California-based BunZai Media Group, and products sold by Allstar Marketing Group, LLC which agreed to pay \$7.5 million for consumer refunds to settle the charges brought by the FTC and New York Attorney General. Another company, One Technologies, offered “free” access to credit scores and agreed to pay \$22 million for consumer refunds under a settlement with the FTC and the state attorneys general in Illinois and Ohio. The FTC also took action to stop a group of marketers that allegedly used “free” trial offers to deceptively pitch green coffee bean extract under the brand name Simple Pure Nutrition and violated the Restore Online Shoppers’ Confidence Act (ROSCA), which prohibits marketers from charging consumers in an Internet transaction unless the marketer has clearly disclosed all material terms of the transaction and obtained the consumers’ express informed consent.

Health Advertising Claims

The FTC continues to take action to stop false and unsubstantiated health claims.

- **Deceptive Weight-Loss and Slimming Claims:** Lindsey Duncan and the companies he controlled agreed to pay \$9 million to settle FTC charges that they deceptively touted the supposed weight-loss benefits of green coffee bean extract through a campaign that included appearances on *The Dr. Oz Show*, *The View*, and other television programs. In addition, the FTC filed a federal court complaint seeking to prohibit Lunada Biomedical, Inc. and its principals from advertising that their dietary supplement Amberen causes substantial weight loss for women over 40, and that the weight loss is clinically proven. Between 2010 and 2013, Lunada sold almost \$65 million worth of Amberen nationwide. The FTC also obtained a temporary court order halting the illegal conduct of Sale Slash, a company that allegedly hired marketers to send illegal spam emails to sell diet

pills. Marketers who pitched homeopathic HCG drops as a quick and easy way to lose substantial weight agreed to pay \$1 million to settle FTC charges that their weight-loss claims were deceptive and not supported by scientific evidence. Two marketers of women’s “shapewear” undergarments settled the FTC’s charges that slimming claims for their caffeine-infused products were false and not substantiated by scientific evidence. The orders require Norm Thompson Outfitters, Inc. and Wacoal America, Inc. to pay a total of more than \$1.5 million for consumer refunds. In separate cases, L’Oreal USA and DERMAdoctor agreed to stop making false or unproven claims about their anti-aging skin care products, and a group of defendants agreed to pay \$402,338 to settle charges challenging their deceptive marketing of mole and wart removal products.

- **Deceptive Infant Formula Claims:** The FTC charged Gerber Products Co., also d/b/a Nestlé Nutrition, with deceptively advertising that feeding its Good Start Gentle formula to infants with a family history of allergies prevents or reduces the risk that they will develop allergies. The FTC also alleges that Gerber has falsely advertised Good Start Gentle’s health claims as FDA-approved.



- **Deceptive Cognitive Memory Claims:** Brain Research Labs, the marketer of a dietary supplement called Procera AVH agreed to pay \$1.4 million to resolve FTC charges that it deceived consumers with claims that the supplement was clinically proven to significantly improve memory, mood, and other cognitive functions. The settlement also bars the defendants from making similar deceptive claims and from misrepresenting the existence, results, or conclusions of any scientific study.

Order Enforcement and Criminal Referrals

The FTC continues to place a priority on aggressively enforcing its orders against repeat offenders and refers matters to criminal authorities as appropriate.

- **Contempt Cases:** The FTC alleged that LifeLock failed to live up to its obligations under a 2010 settlement and asked the federal court to impose an order requiring LifeLock to provide full redress to all consumers affected by the company’s order violations. The FTC also obtained a \$9.5 million judgment against sweepstakes operator Crystal Ewing for violating a 2007 court order banning her from running sweepstakes schemes. In addition, a federal court ordered a judgment of nearly \$515,000 against Mark Nagy Atalla, a defendant in a 2013 FTC action targeting deceptive mortgage and debt relief pitches, after finding Atalla hid assets and misrepresented his financial condition to the agency. Atalla’s judgment had been suspended based on his supposed inability to pay.

- **Criminal Referrals:** The FTC continues to refer particularly egregious violators to criminal law enforcement agencies for prosecution. Through the third quarter of FY 2015, federal and state criminal authorities charged 83 defendants and their associates with crimes arising from acts investigated or prosecuted by the Commission. During this period, 30 such defendants and their associates were convicted or pled guilty, and 20 defendants were sentenced to prison terms.



International Consumer Protection

Strong cross-border cooperation is key to effective law enforcement. In FY 2015, the FTC's Office of International Affairs (OIA) assisted with consumer protection investigations, litigation, and enforcement-related projects. OIA also continued to develop strong bilateral relationships with foreign consumer, privacy, and law enforcement authorities around the globe, and represented the agency in international organizations on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

The FTC continued to cooperate extensively within international networks, such as the International Consumer Protection and Enforcement Network (a network of consumer protection authorities addressing cross-border consumer issues) and the London Action Plan (a public-private network that addresses spam, do-not-call violations, and other messaging abuses). The FTC also worked directly with counterparts from approximately 25 countries on mutual enforcement cooperation activities, sharing and receiving information about consumer complaints and investigative targets, developing best practices for consumer protection enforcement, and engaging in information sharing and investigative assistance provided for under the U.S. SAFE WEB Act. In particular, the FTC used this authority to share information in response to 19 requests from 11 foreign law enforcement agencies and issued 12 civil investigative demands (CID) on behalf of five foreign agencies in seven investigations. We also used this authority to depose two corporate representatives in connection with compliance with a CID.

In June, FTC staff released an expanded International Consumer Complaints report based on data from the Consumer Sentinel Network to guide the agency and its international counterparts in prioritizing their cross-border enforcement cooperation activities. The FTC also expanded its international privacy enforcement activities by entering into a memorandum of understanding on enforcement cooperation with the Dutch Data Protection Authority to enhance information sharing and enforcement cooperation on privacy-related matters. It also continued to pioneer new methods for cooperation within the Global Privacy Enforcement Network and stepped up its engagement with many jurisdictions that are developing or revising privacy laws and privacy enforce-

ment frameworks, and hosted a State Department-organized delegation of governmental privacy experts from Japan and Korea for training seminars and technical exchanges.

The FTC also played a leading role in consumer and privacy policy discussions at the Organization for Economic Cooperation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD) and other international organizations. FTC staff has been actively involved in negotiating the revision of the United Nations Guidelines for Consumer Protection and the 1999 OECD Guidelines on Consumer Protection in the Context of Electronic Commerce, and played a significant role in the development of an analytical report and “best practices” by the OECD’s Committee on Consumer Policy.

During FY 2015, the FTC conducted 25 technical assistance missions for developing consumer protection and privacy agencies around the world, supported by a mix of funding sources including the FTC, the U.S. Agency for International Development (USAID), the Department of Commerce’s International Trade Administration, the Department of Justice’s Office of Overseas Prosecutorial Development Assistance and Training, and the recipient agencies.

The agency also hosted International Fellows from Zambia and Australia, who focused on advertising and civil remedies issues, respectively. The FTC also engaged in a reciprocal staff exchange to further cooperation on Do Not Call issues with the Canadian Radio-television and Telecommunications Commission (CRTC), which is a sponsor of the FTC’s two robocall contests.

Law Enforcement Tools

- **Consumer Response Center (CRC):** During FY 2015, the CRC handled more than 45,000 inquiries and complaints from consumers and businesses each week, for a total of 2.3 million complaints and inquiries.
- **Consumer Sentinel Network (CSN):** During FY 2015, 7.1 million fraud, identity theft, financial, and DNC complaints were added to the FTC’s CSN database. More than 2,000 law enforcement partner agencies worldwide have access to CSN.
- **National Do Not Call Registry:** The Registry has continued to protect consumers from receiving unwanted commercial telemarketing calls. In FY 2015, the number of telephone numbers on the Registry exceeded 222 million.

Advocacy Tools

The FTC files comments with federal and state government bodies to advocate policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision-making. For example, the FTC staff provided comments advocating that the U.S. Food and Drug Administration should consider amending or repealing its framework for homeopathic medications because it may appear to conflict with the FTC’s advertising substantiation doctrine in ways that could harm consumers and cause confusion for advertisers.

PROMOTING COMPETITION

The FTC actively enforces the antitrust laws in a range of sectors of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. Through September 30, 2015, the agency brought 27 new competition law enforcement actions (22 merger enforcement challenges and five anticompetitive conduct challenges), conducted several important workshops, published reports, and pursued advocacy opportunities to promote competition and educate stakeholders about its benefits. The FTC also continued to vigorously monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the Hart-Scott-Rodino (HSR) Act. The FTC conducted an initial review of hundreds of mergers pursuant to the HSR Act, and granted early termination of the HSR waiting period where harm to competition appeared unlikely.

Health Care and Pharmaceuticals

The health care and pharmaceutical sectors were again a priority area for competition enforcement. In general, the FTC works to promote competition in health care by eliminating impediments to entry by generic drug producers, stopping illegal monopolization and joint conduct by health care providers, and preventing anticompetitive health care mergers.

- **Pharmaceutical Pay-for-Delay Settlements:** The FTC has engaged in vigorous enforcement relating to anticompetitive “pay-for-delay” settlements of patent litigation in the pharmaceutical industry, in which a brand name drug company pays a generic drug company to delay its entry into the market. In May 2015, the Commission obtained a landmark settlement of its 2008 lawsuit against Cephalon, Inc. The stipulated federal court order requires Teva Pharmaceutical Industries, Ltd. (parent company of Cephalon, Inc.), the largest generic drug manufacturer in the world, to disgorge and return to purchasers, including drug wholesalers, pharmacies, and insurers, \$1.2 billion in ill-gotten gains reaped from its anticompetitive agreements to pay four firms to refrain from selling generic versions of its blockbuster drug, Provigil. The stipulated order further prohibits Teva from engaging in similar patent settlement agreements in the future.



The Commission also brought a federal district court challenge alleging that AbbVie Inc. and its partner Besins Healthcare filed baseless “sham” patent infringement lawsuits against potential competitors to delay entry of lower-priced generic versions of the testosterone replacement drug AndroGel. The Commission is seeking a court order permanently barring the parties from engaging in similar

anticompetitive behavior and requiring disgorgement of ill-gotten gains. (This lawsuit was filed in September 2014 and remains ongoing.)

In another case involving competition between branded and generic pharmaceuticals, the Commission issued a consent order prohibiting an unlawful agreement not to compete between Concordia Pharmaceuticals and Par Pharmaceutical for the sale of generic Kapvay, a prescription drug used to treat Attention Deficit Hyperactivity Disorder. The agreement provided that Concordia, manufacturer of Kapvay, and Par, one of only two firms permitted by the FDA to market generic Kapvay, would not sell an authorized generic version of the drug in exchange for a share of Par's revenues.

In early June, the Commission also filed an amicus brief in *American Sales Co. v. Warner-Chilcott Co.* urging the U.S. Court of Appeals for the First Circuit to reverse and remand a district court's ruling on the applicability of the rule of reason standard to pharmaceutical patent litigation settlements. The brief notes that in *FTC v. Actavis*, 133 S.Ct. 2223 (2013), the Supreme Court held that a brand-name drug manufacturer's payment to a generic competitor can violate the antitrust laws under the rule of reason, and that the holding does not depend on the specific form of the compensation which the brand company pays the generic to stay out of the market. This brief builds on a prior amicus brief the Commission filed in April 2014 in the Third Circuit's *King Drug Company v. SmithKline Beecham*. In late June 2015, the Third Circuit ruled, consistent with the Commission's position, that a non-cash payment from a brand to a generic as part of a patent settlement could violate the antitrust laws. In September 2015, the Commission filed an amicus brief in *Mylan Pharmaceuticals, Inc. v. Warner Chilcott plc* urging the U.S. Court of Appeals for the Third Circuit to reverse the district court's summary judgement ruling, which held that a brand-name drug manufacturer lacked monopoly power, and that product hopping almost never constitutes exclusionary conduct.

- **Pharmaceutical Monopolization:** In April 2015, the Commission obtained a settlement with Cardinal Health, Inc. in which the company agreed to a federal court injunction order and disgorgement of \$26.8 million to return to customers, resolving charges that it illegally monopolized 25 local markets for the sale and distribution of low-energy radiopharmaceuticals, forcing hospitals and clinics to pay inflated prices for the drugs. Radiopharmaceuticals are used by hospitals and clinics to diagnose a range of medical conditions, including heart disease.
- **Pharmaceutical and Medical Device Mergers:** During FY 2015, the FTC reviewed numerous proposed and consummated acquisitions in pharmaceuticals and related industries and took action to preserve competition that otherwise would have been lost due to these transactions. For example, in September 2015, the Commission challenged Endo International's proposed \$8 billion acquisition of Par Pharmaceuticals in order to preserve competition in the markets for two drugs. The consent order required Endo to divest all of its rights and assets to

generic glycopyrrolate tablets – used in ulcer treatment, and generic methimazole tablets – used to treat excess thyroid hormone production. In the same month, the Commission challenged Wright Medical Group’s proposed acquisition of Tornier, requiring the latter to divest to Integra Lifesciences Corporation its rights and assets to its total ankle replacements and total silastic toe joint replacements in order to preserve competition in the markets for the orthopedic devices.

In another matter, Pfizer, Inc. agreed to sell its rights and assets related to four pharmaceutical products in order to settle FTC charges that its proposed \$16 billion acquisition of Hospira, Inc. was anticompetitive. The Commission’s consent order preserves competition in four drug markets: a generic acetylcysteine inhalation solution, used to treat respiratory disorders; clindamycin phosphate injections, an antibiotic used to treat lung, skin, blood, bone, joint, and gynecological infections; voriconazole injections, used to treat fungal infections; and melphalan hydrochloride injections, a form of chemotherapy.

In a series of administrative settlements involving Novartis AG, the Commission issued three divestiture orders to maintain competition in several important pharmaceutical markets. In the first matter, the Commission required Novartis AG to divest its Habitrol nicotine replacement therapy patch business as a condition on its proposed consumer health care products joint venture with GlaxoSmithKline (GSK), seller of the popular nicotine replacement patch, Nicoderm CQ. In the second matter, also involving Novartis and GSK, Novartis agreed to divest all assets related to its BRAF and MEK inhibitor drugs, currently in development, to Array BioPharma to settle Commission charges that its \$16 billion acquisition of GSK’s portfolio of cancer treatment drugs would likely be anticompetitive. In the third matter, the Commission challenged Eli Lilly and Company’s (Eli Lilly) proposed \$5.4 billion acquisition of Novartis Animal Health. Under the order, Eli Lilly agreed to divest its Sentinel product line to resolve concerns that the merger would have substantially decreased competition in the market for canine parasitocides used to treat heartworm, fleas, and other internal parasites.

In November 2014, the FTC challenged medical technology company Medtronic Inc.’s \$42.9 billion acquisition of Covidien and required Medtronic to divest Covidien’s drug-coated balloon catheter business to Spectranetics Corporation to preserve competition for treatments for peripheral artery disease. In another action, the Commission issued a consent order resolving concerns that Sun Pharmaceutical Industries’ proposed acquisition of Ranbaxy Laboratories would likely have harmed future competition in the U.S. market for generic minocycline tablets used to treat a wide array of bacterial infections, including pneumonia and acne. The Commission’s order required Ranbaxy to divest its interest in generic minocycline tablets and capsules to Torrent Pharmaceuticals Ltd. In another matter, Impax Laboratories Inc. and CorePharma, LLC agreed to divest all of CorePharma’s rights and assets to generic pilocarpine tablets and generic ursodiol tablets in order to settle FTC charges that Impax’s proposed \$700 million acquisi-

tion of CorePharma would likely have reduced the number of future competitors in the markets for the two drugs used to treat dry mouth and biliary cirrhosis, respectively. Under the settlement, CorePharma must divest the assets to Perrigo Company plc, and must also provide transitional services and take all actions necessary for Perrigo to obtain FDA approval to manufacture and market the drugs.

In May 2015, the Commission authorized staff to seek a preliminary injunction enjoining Steris Corporation's proposed \$1.9 billion acquisition of Synergy Health plc pending an administrative trial on the merits. The Commission alleged that the merger would have prevented Synergy's planned introduction of an innovative, competitive alternative to Steris' large-volume, gamma radiation sterilization services. In September 2015, the federal district court denied the request for preliminary injunction, and the Commission subsequently dismissed its complaint.

In an action involving medical devices, the Commission issued a consent order requiring Zimmer Holdings to divest its U.S. rights and assets related to unicondylar knee implants, total elbow implants, and bone cement. The order resolves FTC concerns that Zimmer's \$13.35 billion acquisition of Biomet would have reduced the number of competitors, thereby increasing the likelihood that Zimmer would unilaterally exercise market power in these markets, leading to higher prices and lower levels of quality and service.

- **Health Care Provider Mergers:** The FTC also continued to vigorously challenge anticompetitive acquisitions involving health care facilities. In October 2014, the Commission required Surgery Center Holdings, Inc. (Surgery Partners) and Symbion Holdings Corporation to divest Symbion's ownership interest in an ambulatory surgery center in Orange City, Florida. The complaint charged that Surgery Partners' purchase of competitor Symbion would have joined the only two ambulatory surgery center operators in the Orange City/Deltona area of Florida.



In February 2015, the U.S. Court of Appeals for the Ninth Circuit affirmed the January 2014 ruling of a federal court in Idaho permanently enjoining the merger of St. Luke's Health System's 2012 acquisition of Saltzer Medical Group and requiring full divestiture of Saltzer's physicians and assets. The complaint, which was filed by the FTC and the Idaho Attorney General, charged that the combination of St. Luke's employed primary care physicians and Saltzer's physicians gave the merged firm the market power to demand higher rates for primary care physician services in Nampa, Idaho, and surrounding areas. The circuit court denied re-

hearing and the defendants did not petition for certiorari, so this case has returned to the district court for compliance with the court's divestiture order.

In May 2015, the U.S. Supreme Court denied ProMedica Health System's petition for certiorari after the U.S. Court of Appeals for the Sixth Circuit upheld a 2012 Commission decision finding that ProMedica Health System, Inc.'s acquisition of its rival, St. Luke's Hospital, violated the antitrust laws and was likely to result in higher health care costs in the area surrounding Toledo, Ohio. The Commission's order requires ProMedica to divest St. Luke's Hospital to an FTC-approved buyer.

- **U.S. Supreme Court Review of State Action Doctrine:** In February 2015, the U.S. Supreme Court affirmed a Commission decision that the North Carolina State Board of Dental Examiners illegally thwarted lower-priced competition by engaging in anticompetitive conduct to prevent non-dentists from providing teeth whitening services to consumers in the state without any countervailing procompetitive justification. The Court held that a state regulatory board dominated by self-interested private actors cannot rely on the state action doctrine to shield its anticompetitive conduct from antitrust review absent active state supervision. The decision affirmed a 2013 ruling by the U.S. Court of Appeals for the Fourth Circuit.

The Commission also concluded its efforts to promote hospital competition near Albany, Georgia, issuing a consent order in March 2015 requiring Phoebe Putney to notify the Commission in advance of making any acquisitions of a hospital or other healthcare provider in the geographic market. The settlement concluded the extended litigation which resulted in a unanimous Supreme Court decision in 2013 reversing the U.S. Court of Appeals for the Eleventh Circuit's and district court's rulings that the state action doctrine barred the Commission from taking action against Phoebe Putney Health System's 2010 acquisition of Palmyra Park Hospital.

Manufacturing, Distribution, and Technology

Manufacturing, distribution, and technology sectors remained high priorities for the FTC.

- **Manufactured Goods:** In May 2015, two of the world's largest auto parts suppliers, ZF Friedrichshafen AG and TRW Automotive Holdings Corp., agreed to divest TRW's linkage and suspension business in North America and Europe. The consent order settles FTC charges that their proposed \$12.4 billion merger would likely harm competition in the North American market for heavy vehicle tie rods, rigid connectors that link a vehicle's wheels with the steering control mechanism. The proposed merger would have joined two of only three North American suppliers of the heavy tie rods, which are not suitable for transcontinental shipment.

In another matter, the Commission challenged Holcim Ltd.'s proposed \$25 billion merger with Lafarge S.A. In May 2015, the two firms, which together would have created the world's largest cement manufacturer, agreed to an FTC consent order requiring them to divest certain plants, terminals, and a quarry to settle charges that their acquisition would have harmed competition in 12 markets for Portland cement, an essential ingredient in the manufacture of concrete, and in two markets for slag cement, a specialty cement used for making more durable concrete structures.

- **Food Distribution:** The Commission successfully challenged Sysco Corporation's acquisition of rival distributor US Foods that would have combined the two largest broadline food service distributors in the United States. In June 2015, the U.S. District Court for the District of Columbia granted a preliminary injunction enjoining the transaction pending an administrative proceeding on the merits. The parties abandoned their deal shortly after the district court ruling. The court found that the proposed merger would likely have significantly reduced competition for broadline food distribution services nationally, as well as in 32 local markets, and would likely have led to higher prices for food services customers including restaurants, hospitals, hotels, schools, and ultimately, consumers.
- **Technology:** In December 2014, the FTC issued an administrative complaint and authorized staff to seek a preliminary injunction in federal court to enjoin Verisk Analytics, Inc.'s proposed \$650 million acquisition of EagleView Technology Corporation. The Commission's complaint alleged that the transaction would have resulted in a virtual monopoly in the U.S. market for rooftop aerial measurement products used by the insurance industry to assess property claims. The parties abandoned their proposed acquisition in response to the Commission's complaint, which was later dismissed.

Retail and Professional Goods and Services

The Commission continued to take action to preserve competition in economic sectors with the most direct impact on the pocketbooks of American consumers, such as retail goods and professional services.

- **Supermarkets:** In January 2015, the FTC issued its largest supermarket divestiture to date. Albertsons and Safeway, operators of over 2,000 regional and national supermarkets, agreed to sell 168 supermarkets in 130 local markets in eight states (Arizona, California, Montana, Nevada, Oregon, Texas, Washington, and Wyoming). The order will preserve supermarket competition in these local communities that otherwise would have been lost if the transaction had proceeded as proposed.



- **Dollar Stores:** In July 2015, the FTC required Dollar Tree and Family Dollar, two of the three largest national chains of “dollar stores” with over 13,000 stores combined, to sell 330 stores in local markets in 35 states to Sycamore Partners. The divestiture will preserve competition among dollar stores, which offer consumers the unique combination of value and convenience when shopping for discount general merchandise, in the numerous neighborhoods that otherwise would have been adversely impacted by the transaction.
- **Tobacco Products:** In May 2015, the Commission issued a consent order to settle charges that Reynolds American Inc.’s proposed \$27.4 billion merger with rival Lorillard Inc. would likely be anticompetitive. The order requires Reynolds to divest to Imperial Tobacco Group four established cigarette brands including Winston, Kool, Salem, and Maverick, as well as the Lorillard manufacturing facilities in Greensboro, NC. The order further requires both Reynolds and Lorillard to provide Imperial with shelf space and operational support during the transition.
- **Propane Exchange Tanks:** In March 2014, the FTC issued an administrative complaint challenging alleged illegal coordination between AmeriGas and Blue Rhino, which together control approximately 80 percent of the U.S. market for wholesale propane exchange tanks. The Commission charged that, after each company decided to implement a price increase by the amount of propane in their exchange tanks from 17 to 15 pounds, they agreed that neither would deviate from a plan to push a key retail customer to accept the fill reduction. Left unchallenged, the alleged conduct would likely lead to higher prices for these consumer goods. In October 2014, the Commission accepted a consent agreement for public comment that barred both companies from agreeing with competitors to modify fill levels or otherwise fix the prices of exchange tanks, and from coordinating communications to customers.
- **Professional Services:** The Commission settled charges that certain provisions in two separate trade associations’ codes of ethics (the Professional Lighting and Sign Management Companies of America, and the Professional Skaters Association) had interfered with fundamental aspects of competition among each association’s members. Specifically, the trade associations’ rules restricted members and former members from soliciting clients from rival members and restrained members from competing against each other. Similarly, the Commission settled charges that provisions in the National Association of Animal Breeders’ Code of Ethics restrained competition by prohibiting members from naming competitors in printed materials or disclosing or publicizing prices of bulls purchased and sold.

Energy

The FTC devotes significant resources to investigating competition issues and concerns in energy markets, which are also critically important to American consumers. The FTC continues to review proposed acquisitions involving energy products. In March 2015, the Commission issued a consent order requiring Par Petroleum Corporation to terminate its storage and throughput rights at the Barbers Point gasoline terminal in

Hawaii to settle FTC charges that its proposed acquisition of Mid Pac Petroleum would likely reduce competition for the bulk supply of Hawaii-grade gasoline blendstock, and would likely have led to increasing gasoline prices for Hawaii consumers.

In December 2014, the Commission issued its tenth annual “Federal Trade Commission Report on Ethanol Market Concentration” addressing the state of ethanol production in the United States.

Competition Advocacy, Reports, Workshops, and Outreach

- **Section 5 Unfair Competition Enforcement Principles:** The FTC issued a statement of enforcement principles that provides a framework for how it exercises what is known as its “standalone” Section 5 authority to address acts or practices that violate Section 5 of the FTC Act but may not fall within the scope of the Sherman or Clayton Act. The FTC has exercised its standalone Section 5 authority judiciously and in limited situations but that authority remains an important and meaningful component of its arsenal in promoting competition, alongside the other antitrust laws that it enforces.
- **Advocacy:** Providing policymakers with a framework to analyze competition issues is an important component of the FTC’s mission to promote competition for the benefit of consumers. Government-imposed impediments can be among the most durable restraints on competition. Therefore, in response to requests, the FTC advises local, state, and federal entities on the potential competitive implications of pending governmental actions that may have a major impact on consumers. For instance, staff issued advocacy comments to legislators in New York, North Carolina, and Oregon on legislative proposals involving exemptions from antitrust liability or changes to certificate of needs laws impacting health care competition in those states. FTC staff also submitted advocacy comments to two national health care bodies, the Commission on Dental Accreditation (CDA), and the Office of the National Coordinator for Health Information Technology (ONC). The Commission urged the CDA to adopt accreditation standards without delay, and provided guidance to ONC on promoting competition and the privacy and security of consumer data as it expands adoption of interoperable health information technology systems.

FTC staff also continued to address potential anticompetitive restraints on the provision of non-clinical services. Staff issued advocacy comments urging the Texas State Board of Dental Examiners to reject proposed rules that restrict the ability of Texas dentists to contract with non-dentists or dental service organizations for the provision of administrative services. Staff also provided comments to legislators in Missouri regarding the competitive impact of a legislative proposal to modify the collaborative practice arrangements the state imposes on Advanced Practice Registered Nurses (APRNs), citing a Commission policy paper from 2014. In September 2015, staff submitted comments to the New York State Public Service

Commission making recommendations to improve the benefit-cost analysis used as a part of its Reforming the Energy Vision (REV) proceeding.

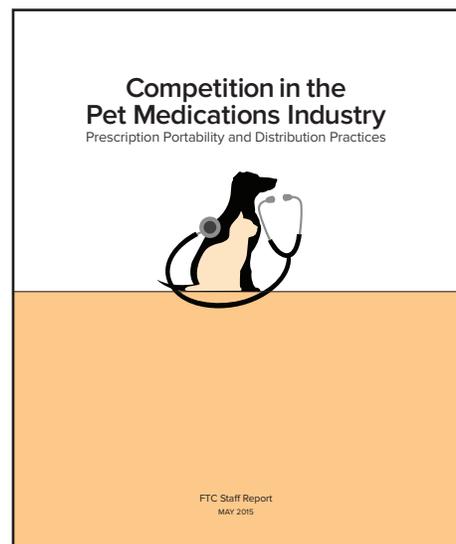
The Commission and Department of Justice also provided advocacy comments to the United States Patent and Trademark Office (PTO) commending the PTO for its continuing efforts to enhance patent quality and support efforts to give clearer notice of the boundaries of claimed inventions.

- **Conferences and Workshops:** In 2015, the FTC and DOJ continued their “Examining Health Care Competition” workshop series on emerging antitrust issues in health care. The public workshops explored recent developments related to health care provider organization and payment models, including early observations of accountable care organizations and health insurance exchanges, alternatives to fee-for-service payment models, and trends in both provider consolidation and provider network and benefit design strategies.

The Commission also held a public workshop in June 2015 examining the “Sharing Economy” and how effectively existing regulatory frameworks can respond to these new business models while maintaining appropriate consumer protection and without stifling innovation. In November 2015, the Commission’s Bureau of Economics hosted its Eighth Annual Microeconomics Conference, convening researchers, regulators, and others to discuss the antitrust and policy issues FTC economists encounter in their work. This year’s conference focused on the appropriate statistical tools and standards to apply to policy work and the relevance of behavioral economics to antitrust and consumer protection policy..

The Commission held a 100th anniversary symposium in November 2014. The event celebrated the FTC’s first 100 years and included several panel discussions moderated by the Commissioners, including a roundtable featuring six former FTC Chairmen, moderated by Chairwoman Ramirez.

- **Reports:** During FY 2015, the FTC continued to publish reports on emerging competition issues. Following its 2013 Pet Medications Workshop, the Commission issued a report highlighting the fast growth and changing supplier landscape in the markets for pet medications. The report noted that American’s overall pet spending has doubled in the last 12 years, with a significant portion of that spending devoted to prescription and over-the-counter medications. The Commission also published its annual report of agreements filed with the FTC pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, covering FY 2013.



145 patent dispute settlements were filed during the period, of which 29 created potential “pay-for-delay” agreements, down from the FY 2012 level.

- **Outreach:** In an effort to provide practitioners, researchers, and other interested stakeholders with tools and guides that are easy to access and understand, the Commission continues to maintain and develop its online resources, including “Competition Matters,” the FTC’s blog on competition topics.

International Antitrust

In FY 2015, the FTC further developed cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies.

The agency cooperated with international counterpart agencies on 35 cases of mutual concern, including both conduct and merger cases. For example, in the Medtronic/ Covidien merger investigation, the FTC cooperated with the competition agencies of Canada, China, the European Union, Japan, and Mexico to ensure a globally consistent analysis and remedy.

The FTC has strengthened the roles that it plays in the International Competition Network (ICN) and the competition groups of the OECD, UNCTAD, and APEC. This provides opportunities to promote convergence toward best practices on substantive analysis and on principles of due process, and to share insights on law enforcement and policy initiatives. In the ICN, the FTC serves on the steering group and in numerous other leadership capacities. For example, the FTC



co-chairs the Agency Effectiveness Working Group and in this capacity led an initiative that resulted in Guidance on Investigative Process, which is the most comprehensive agency-led effort to date to articulate investigative principles and practices that promote procedural fairness and effective enforcement. The FTC also originated and leads the ICN Training on Demand project, which is creating a comprehensive curriculum of training materials on competition law and practice, and continues to play a key role in promoting implementation of the ICN’s work on merger notification and review procedures. In addition, the FTC played a key role in developing the ICN’s practical guide to international cooperation in mergers and the OECD Competition Committee’s long-term project on international cooperation, in which it was a lead drafter of the recently adopted OECD Recommendation on international cooperation in competition cases.

With the rapid growth in the number of jurisdictions with competition laws, the FTC has expanded its program of technical assistance to help agencies apply their laws in ways that support competitive markets. Following its MOUs with the Chinese and Indian competition agencies, the FTC continued to work with these agencies on implementation of their competition laws. The FTC's engagement with China included cooperation and consultation on individual matters and participation in high-level meetings. In particular, the FTC addressed challenges posed by enforcement of the Chinese Anti-Monopoly Law through dialogue with the Chinese government and consultation with U.S. stakeholders and other involved U.S. agencies. The FTC also conducted multiple programs to train the staff of the Competition Commission of India as it continues to develop its merger review and competition law regimes. The FTC also conducted competition training programs in Brazil, Colombia, Central America, Ecuador, Mexico, Pakistan, Tanzania, Ukraine, United Arab Emirates, Vietnam, and Zambia, along with regional programs for Africa, Southeast Asia, and Southeast Europe. During FY 2015, the FTC conducted 27 technical assistance programs for developing competition agencies around the world, supported by a mix of funding sources.

The FTC also participates in the U.S. delegations negotiating the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership, both of which involve competition and consumer protection issues.

The FTC International Fellows and Interns program enables staff from counterpart agencies to work directly with FTC staff on antitrust investigations and cases, subject to appropriate confidentiality protections. During FY 2015, Fellows and Interns from the European Commission, India, and Korea worked with FTC staff on competition matters, and the FTC and the United Kingdom's Competition and Markets Authority commenced a reciprocal staff exchange.

PLANNED ACTIVITIES IN FY 2016 AND BEYOND

PROTECTING CONSUMERS

To advance its consumer protection goal, the FTC focuses its efforts on identifying fraud, deception, and unfair practices that cause the greatest consumer injury and stopping these practices through law enforcement; preventing consumer injury through education; enhancing consumer protection through research, reports, rulemaking, and advocacy; and protecting American consumers in the global marketplace by providing policy and technical input to foreign governments and international organizations to promote sound consumer policy.

Protecting Consumers from Fraud

Fraud affects all consumers, and the FTC will continue its enforcement efforts to stop scams, focusing on those that cause serious consumer injury. The FTC will take enforce-

ment actions to stop imposter scams in which the perpetrators pose as government agencies, well-known companies, utility companies, or other organizations. The FTC also will focus on frauds targeting specific populations, such as low-income consumers, seniors, service members, and non-English-speaking consumers. The agency also will continue to provide education materials to help consumers avoid scams. The agency will focus on tailoring its education methods for different groups, evaluating the optimal outreach methods for different populations, and building and strengthening strategic partnerships to enhance its outreach efforts.

The FTC also will continue to use the tools and authorities available to it to protect consumers in the financial marketplace from fraud. Con artists continue to target consumers in financial distress. Therefore, the FTC will continue to take enforcement actions to stop telemarketing and online frauds, deceptive mortgage and other debt services, payday lending operations engaging in deceptive practices, and abusive debt collection practices. These practices can have severe consequences for consumers who can least afford it. The FTC also will take action against deceptive practices related to the buying or leasing of motor vehicles.

Stopping Harmful Uses of New Technology

The FTC will continue its focus on the consumer protection issues associated with the use of new technology. The agency will take enforcement actions to stop deceptive practices in the mobile and connected marketplace. The FTC also will take enforcement action against deceptive advertisements that appear in new formats and new media (e.g., apps, games, videos, and social networks). In addition, the agency will continue to evaluate consumer protection issues in the mobile marketplace through surveys and workshops. The FTC also will continue its efforts to



root out entities responsible for illegal robocalls. The agency will enforce its Do Not Call rules and work with other stakeholders and industry to help develop solutions to the problems. The FTC will continue to conduct research on emerging technologies to assist with enforcement actions, educate consumers, and inform policy on consumer protection matters involving emerging technologies.

Protecting Consumer Privacy and Data Security

The FTC will continue to take a leading role in efforts to protect consumers from unfair or deceptive practices related to the privacy of their personal information, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement. It will promote stronger privacy protections through policy initiatives on a range of topics. The FTC will continue to emphasize data security educational tools with the

Start with Security campaign. For this campaign, the agency will host events around the country on security topics and best practices. The agency also hosted a workshop in early FY 2016 to explore the growing use of online lead generation in various industries. The FTC will also participate in interagency groups, promote self-regulatory efforts, provide technical assistance to the Congress on draft legislation, and participate in international privacy initiatives. In addition, the FTC will continue to be the repository for identity theft complaints and make them available to federal criminal law enforcement agencies. Our trained counselors will continue to advise identity theft victims about the rights and remedies available to them under federal law, and educate all consumers about how to avoid becoming a victim. The FTC will continue to make enhancements to IdentityTheft.gov, the federal government's one-stop resource to help consumers report and recovery from identity theft.

Stopping Deceptive Advertising

The FTC will continue to challenge false and unsubstantiated advertising claims. These actions will target various health-related claims, including disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats. The FTC also will challenge false and unsubstantiated environmental marketing claims.

Ensuring Compliance with FTC Orders

Order enforcement is an integral part of the FTC's consumer protection goal. The agency will continue to place a high priority on enforcing orders against repeat offenders, as well as those who act with them. The FTC will continue to monitor and improve the agency's enforcement database and bring more enforcement actions.

Globalization and Cross-Border Enforcement

The FTC will continue both enforcement against cross-border fraud and its policy development efforts in the international arena. Using the tools provided by the U.S. SAFE WEB Act, the FTC will continue to create and sustain international partnerships and networks to pursue matters involving foreign defendants, evidence, and assets and develop new initiatives with foreign criminal enforcement counterparts on consumer fraud. The FTC also will explore new ways of using complaint data to target its international efforts and to promote reciprocal enforcement by its foreign partners.

The FTC continues to promote international development of market-oriented consumer protection policies that effectively address consumer harm, and highlights the importance of enforcement as a key component of privacy consumer protection, including privacy and data security, spam, and malware, within the OECD, APEC (including the Electronic Commerce Steering Group), International Conference of Data Protection and Privacy Commissioners, and other multilateral organizations. In particular, the FTC will continue to participate in the ongoing revision of the OECD's 1999 Guidelines on Consumer Protection in the Context of Electronic Commerce. The FTC also will continue to take enforcement actions involving cross-border issues, including the U.S.-EU

Safe Harbor Framework, and participate actively in enforcement networks such as the International Consumer Protection Enforcement Network, the International Mass Marketing Fraud Working Group, the Global Privacy Enforcement Network, and the London Action Plan.

PROMOTING COMPETITION

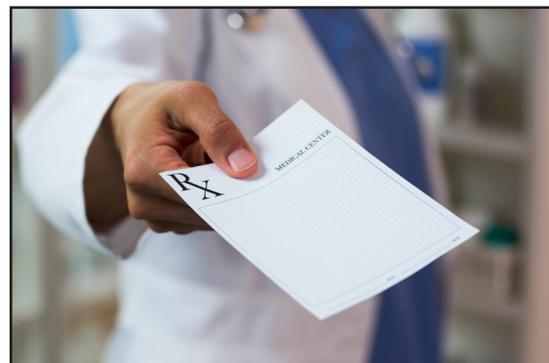
The FTC's competition work is critical to protect and strengthen the free and open markets that are the cornerstones of a vibrant economy. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers. A vigorous, open, and competitive marketplace provides the incentive and opportunity for new ideas and innovative product and service development. The FTC is dedicated to this ideal, and will continue to use all the tools at its disposal to promote competition and protect consumers from anticompetitive mergers and business practices.

Challenging Anticompetitive Mergers

Identifying anticompetitive mergers remains one of the top priorities of the agency's competition mission. The premerger notification requirements of the HSR Act provide the FTC with an effective starting point for identifying anticompetitive mergers before they are consummated, preventing competitive harm. The FTC also devotes attention to identifying unreported, often consummated, mergers that could harm consumers. The number of HSR merger filings remains high, and reviewing and challenging anticompetitive mergers will continue to require substantial agency resources.

Promoting Competition in Health Care and Pharmaceuticals

The rapidly rising cost of health care is a matter of concern for consumers, employers, insurers, and the nation as a whole. Health-related products and services account for a significant percentage of gross domestic product, and that share continues to grow each year as health care costs continue to rise. The FTC will continue to take action against anticompetitive agreements among health care providers and to challenge anticompetitive mergers of hospitals, medical device manufacturers, pharmaceutical companies, and other health care providers that contribute to the rising cost of health care. The FTC will also continue to advance its health care enforcement program by challenging anticompetitive conduct in the pharmaceutical industry that delays the introduction of generic drugs and costs consumers and governments up to billions of dollars annually. The agency also will continue its vigorous advocacy for health care competition by advising local, state, and federal entities, upon request, on the competitive implications of pending government actions.



Continuing Emphasis on Technology and Intellectual Property

The growing importance of technology is placing increasing demands on the FTC's anti-trust enforcement mission in both the merger and nonmerger areas. The FTC is vigilant where a firm may be illegally using a dominant market position to stifle competition in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation; or where groups of competitors take collective action that threatens to increase prices or stifle innovation.

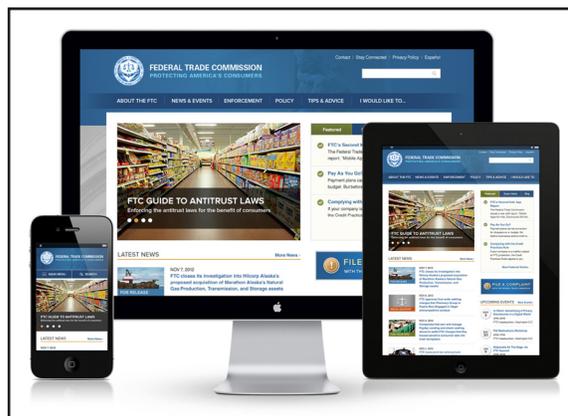
Antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how these two bodies of law can best work together to further their common goal of promoting innovation. For example, the FTC is studying patent assertion entities' activity and organization to develop a better understanding of their impact on competition and innovation. The FTC is also exploring the complexities of the "sharing economy" and its impact on competition.

Preventing Anticompetitive Activity in Energy Sector

Historically, the price of gasoline has been a concern for consumers, and is therefore a high priority for the FTC. The FTC continues to focus closely on gasoline markets, investigating industry practices and pricing, and will move quickly to address any anti-competitive mergers and other anticompetitive activities. Under its Gasoline and Diesel Price Monitoring Project, the FTC continues to track retail gasoline and diesel fuel prices in 360 cities nationwide and wholesale prices in 20 major urban centers to identify unusual changes in gasoline prices; if staff detect any such changes, they will promptly investigate the cause.

Increasing Consumer and Business Outreach

The FTC will continue its efforts to educate consumers and businesses on the important role of competition in ensuring the mix of price, choice, and innovation valued by consumers. The FTC will look for opportunities to expand the reach of the "Competition Matters" blog by addressing frequently asked questions and issues of importance to consumers and businesses. Moreover, the FTC's Premerger Notification Office responds to thousands of calls seeking guidance about premerger filing requirements. FTC staff also provide advisory opinions to businesses that request review of proposed conduct.



Promoting Global Competition

The FTC will continue to develop its cooperative relations with key international counterpart agencies, and will update and develop additional cooperation tools, as needed. Additionally, the FTC will continue to work with competition agencies worldwide to

promote best practices and to minimize procedural and policy differences. The FTC plays a lead role in pursuing convergence toward best practices through its active participation in international bodies, such as the ICN and OECD, and continues to advocate for, develop, and promote the implementation of international best practices in core substantive and procedural areas, including procedural fairness. The FTC will continue its international competition outreach efforts in order to build cooperative relationships with our counterpart agencies through the International Fellows and Interns program and the technical assistance program. We also will continue to work with other U.S. agencies as appropriate to address issues of mutual concern.

Advocating for Competition before the Courts and Other Government Agencies

The FTC also works to minimize government-imposed impediments to a competitive marketplace by, upon request, advising government policy-makers about how to apply sound competition principles as they make decisions affecting consumer welfare. Among its activities, the FTC will continue to file comments on proposed government action (legislation, regulation, and other rules) affecting competition in a broad range of industries. FTC staff will also continue to provide guidance on important competition policy issues, by issuing reports and filing amicus briefs to help courts resolve important competition issues.

Enforcing FTC Orders, Ensuring the Effectiveness of FTC Merger Orders, and HSR Compliance

The FTC will continue its compliance program to ensure that consumers receive the benefits of FTC orders entered to restore or promote competition. To ensure that the FTC's merger remedies continue achieving their primary goal, the FTC is conducting a study of the effectiveness of its merger orders. The FTC also will continue to enforce compliance with the HSR premerger notification rules, and seek appropriate remedies when firms fail to meet the filing requirements.

FISCAL YEAR 2015 PERFORMANCE REPORT AND
ANNUAL PERFORMANCE PLAN
FOR FISCAL YEARS 2016 AND 2017



Budgeted Resources by Objective
(\$ in thousands)

Strategic Goal 1: Protect Consumers	FY 2016 FTE	FY 2016 Amount	FY 2017 FTE	FY 2017 Amount
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.	511	\$137,725	511	\$149,012
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.	87	23,862	88	25,518
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.	39	9,638	39	10,235
Total	637	\$171,225	638	\$184,765

Strategic Goal 2: Maintain Competition	FY 2016 FTE	FY 2016 Amount	FY 2017 FTE	FY 2017 Amount
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.	470	\$115,008	488	\$134,335
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	62	15,181	63	16,986
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.	22	5,486	22	5,914
Total	554	\$135,675	573	\$157,235

Objectives by FTE
(\$ in thousands)

Protecting Consumers	Fiscal Year 2016				Fiscal Year 2017			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Privacy and Identity Protection	42	11	4	57	42	11	4	57
Financial Practices	69	9	10	88	70	10	10	90
Marketing Practices	92	9	10	111	92	9	10	111
Advertising Practices	60	7	4	71	58	7	4	69
Enforcement	46	3	1	50	46	3	1	50
Planning and Information	---	---	---	---	---	---	---	---
Consumer Response and Operations	26	1	---	27	26	1	---	27
Litigation Technology and Analysis	43	1	---	44	44	1	---	45
Consumer and Business Education	---	22	---	22	---	22	---	22
Economic and Consumer Policy Analysis	2	1	1	4	2	1	1	4
Management	10	2	---	12	10	2	---	12
Support	121	21	9	151	121	21	9	151
Total	511	87	39	637	511	88	39	638

Promoting Competition	Fiscal Year 2016				Fiscal Year 2017			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Premerger Notification	16	3	---	19	17	3	---	20
Merger and Joint Venture Enforcement	188	14	5	207	196	14	5	215
Merger and Joint Venture Compliance	9	2	---	11	9	2	---	11
Nonmerger Enforcement	123	7	5	135	129	7	5	141
Nonmerger Compliance	2	---	---	2	2	---	---	2
Antitrust Policy Analysis	3	17	7	27	3	18	7	28
Other Direct	16	4	---	20	17	4	---	21
Support	113	15	5	133	115	15	5	135
Total	470	62	22	554	488	63	22	573

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ABOUT THIS REPORT AND PLAN

Beginning in FY 2014, the Federal Trade Commission (FTC) combined the Annual Performance Report and the Annual Performance Plan into a single document, published as part of the agency's budget submission. The performance plan and report is organized by strategic goal and objective as defined in the [Agency Strategic Plan for Fiscal Years 2014 to 2018](#). The FY 2017 budget request is based on the FTC's Strategic Plan for FYs 2014 to 2018 and is supported by the FY 2016-2017 Performance Plan included in this submission. In FY 2013, the FTC updated and revised its Strategic Plan and sought input from Congress, the Office of Management and Budget, and its stakeholders to ensure that its strategic goals, objectives, and performance goals continue to provide relevant information that reflects the FTC's performance.

To see the FTC's performance and budget documents, please view <http://www.ftc.gov/about-ftc/performance> and <http://www.ftc.gov/about-ftc/budgets>.

The President's Budget identifies lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access this information at <http://www.whitehouse.gov/omb/budget>. The FTC does not have any lower-priority program activities.

THE FTC AT-A-GLANCE

Laws Enforced

In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, and the FTC commenced its work on behalf of American consumers in March 1915. The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the U.S. economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Telemarketing Sales Rule, Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws (see <http://www.ftc.gov/enforcement/statutes> for a listing).

Profile

- The agency is headquartered in Washington, D.C. and operates with seven regions across the United States.
- The agency had 1,176 full-time equivalent employees at the end of FY 2015.
- Total new budget authority for FY 2015 was \$293 million.

AGENCY AND MISSION INFORMATION

The work of the FTC is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States and around the world. The FTC performs its mission through the use of a variety of tools, including law enforcement, rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

Mission

Working to protect consumers by preventing anticompetitive, deceptive, and unfair business practices, enhancing informed consumer choice and public understanding of the competitive process, and accomplishing this without unduly burdening legitimate business activity.

Vision

A vibrant economy characterized by vigorous competition and consumer access to accurate information.

Our Purpose and History

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, product warranties, care labels in clothes, and labels showing the energy costs of home appliances provide information that is set forth in FTC rules. Many consumers are also familiar with the [National Do Not Call Registry](#). Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable information. These laws are enforced by the FTC.

Competition among independent businesses is good for consumers, the businesses themselves, and the economy. Competitive markets yield lower prices and better quality goods and services, and a vigorous marketplace provides the incentive and opportunity for the development of new ideas and innovative products and services. Many of the laws governing competition also are enforced by the FTC.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. In 1903, Congress created the predecessor to the FTC, the Bureau of Corporations, as an investigatory agency within the Department of Commerce and Labor. The Bureau investigated and published reports on the operation of interstate corporations, looking for monopolistic practices. In one case of note, the Justice Department used the [Bureau's 1906 report on petroleum transportation](#) when it successfully prosecuted and broke up Standard Oil in 1911. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, creating the FTC, which then absorbed the Bureau of Corporations in 1915.

When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to “bust the trusts.” Over the years, Congress passed additional laws giving the agency greater authority over anticompetitive practices. Recognizing that unfair and deceptive practices can distort a competitive marketplace as much as unfair methods of competition, in 1938 Congress amended the FTC Act and granted the FTC authority to stop “unfair or deceptive acts or practices in or affecting commerce.” Since then, the FTC also has been directed to enforce a wide variety of other consumer protection laws and regulations. The agency maintains a website at www.ftc.gov that provides information for consumers and businesses, as well as online forms to file complaints.

Our Organization

The FTC is an independent agency that reports to the President and to Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers’ interests by sharing its expertise with Congress and state legislatures and U.S. and international agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs and materials for consumers and businesses in a global marketplace with constantly changing technologies. The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a staggered seven-year term. No more than three commissioners may be from the same political party. The President chooses one commissioner to act as Chair. The post is currently held by Edith Ramirez, a commissioner since 2010, who was elevated to Chairwoman on March 4, 2013. The commissioners are Julie Brill, Maureen K. Ohlhausen, and Terrell McSweeney. There is one commissioner vacancy.

The FTC’s mission is carried out by three bureaus: the Bureau of Consumer Protection (BCP), the Bureau of Competition (BC), and the Bureau of Economics (BE). Their work is aided by the Offices of the General Counsel, International Affairs, Policy Planning, the Secretary, the Executive Director, Congressional Relations, Public Affairs, Administrative Law Judges, Equal Employment Opportunity, and Inspector General, and seven regional offices. For more information about the agency’s components, visit its [organizational structure webpage](#).

Our People

The FTC's workforce is its greatest asset. The agency's workforce consists of 1,176 civil service employees dedicated to carrying out the agency's mission. The following table shows the workforce composition by category.

FTC's Workforce Composition	
Category	Number of Employees
Attorneys	658
Program/Management Analysis	152
Economists	79
Paralegals, Investigative/Enforcement, Legal/Administrative Support, Legal/Administrative Support, Information Technology, and Other	287
Total	1,176

PERFORMANCE OVERVIEW

This section contains details of program performance results, trend data by fiscal year, resources, strategies, factors affecting performance, and the procedures used to verify and validate the performance data. The performance results described in this report enable the FTC to administer and gauge the success of its programs, and make adjustments necessary to improve program quality for the public. The steps the FTC has taken to ensure the performance information it reports is complete, accurate, and consistent are described under Verification and Validation of Performance Data, and in the [Data Quality Appendix](#). Performance targets for FYs 2015-2017 for the agency's performance goals and historical results for FYs 2010 to 2015 are presented in the tables following this section.

Strategic and Performance Planning Framework

The performance planning framework originates from the [FTC's Strategic Plan for Fiscal Years 2014 to 2018](#) and is supported by the FTC's Performance Plan. The FTC's work is structured around three strategic goals and eight objectives. Performance goals are used to gauge the FTC's success for each objective. No performance goals have been added or removed since the publication of the Strategic Plan. The following table describes each element of the FTC's performance framework.

Element	Description
Strategic Goals	Statements of long-term aims outlined in the Strategic Plan, which define how the agency carries out its mission.
Objectives	Statements of how the agency plans to achieve the strategic goals.
Performance Goals	Indicators used to gauge success in reaching objectives.
Key Performance Goals	Measures that best indicate whether agency activities are achieving the desired outcome associated with the related objective.
Targets	Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.

Performance Measurement Reporting Process

Bureau and Office representatives serve as the Performance Measure Reporting Officials (PMROs), who act as data stewards for each of the agency's publicly reported performance goals. The PMROs report to the Deputy Chief Financial Officer (DCFO) on a monthly, quarterly, or annual basis via an internal data reporting tool. The Financial Management Office (FMO) also leads periodic performance goal reviews in coordination with budget execution reviews. The CFO / Performance Improvement Officer (PIO), the Executive Director, the Chief of Staff, and the Chairwoman are briefed on the results and any significant variances in planned versus actual results. The PIO and DCFO then coordinate with the PMROs on any adjustments to strategies and tactics based on the performance results.

Performance Goals Overview

The FTC has established performance goals for assessing program performance against strategic goals and objectives. Of the 29 performance goals, nine are considered "key" performance goals because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. Additionally, four performance goals are considered efficiency performance goals because either they are ratios of outcomes to inputs or they capture administrative timeliness. For each performance goal, the FTC has established a performance target.

Relationship of Outputs to Outcomes

The FTC continuously reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome performance goals to show effectiveness, efficiency, and results. For example, outcome-based Performance Goal 1.1.4 measures the amount of money the FTC returns to consumers and forwards to the U.S. Treasury. Outcome-based Performance Goals 2.1.2 and 2.1.4 estimate the millions of dollars in consumer savings that result from merger and nonmerger actions taken to maintain competition. The FTC, however, has not developed outcome performance goals in all cases, and uses input and output measures that either support outcomes, lead to outcomes, or otherwise provide valuable indicators of how the FTC is progressing toward achieving its strategic goals and objectives. Under the consumer protection strategic goal, for example, Performance Goal 1.1.1 indicates the percentage of the agency's consumer protection law enforcement actions that targeted the subject of consumer complaints, and Performance Goal 1.2.3 provides the number of workshops and conferences the FTC convened that address consumer protection problems. While these performance goals are not outcome-oriented, they bring the FTC closer to determining its impact on the ultimate desired outcome of a marketplace free of unfair practices, fraud, and deception that injure consumers.

Verification and Validation of Performance Data

The performance results described in this report enable the FTC to administer its programs, gauge programmatic success, and make adjustments necessary to improve program quality. The [Data Quality Appendix](#) provides details on the data quality of each performance goal. Additionally, the following steps outline how the agency ensures the performance information it reports is complete, reliable and accurate:

- The FTC has adopted a central internal repository for performance data entry, reporting and review. The electronic data tool reduces human error, increases transparency, and facilitates senior management review of the agency's performance information.
- The agency maintains written procedures used to ensure timely reporting of complete, accurate, and reliable results relative to the key performance goals.
- The agency holds program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring and updating of performance targets. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- The agency conducts quarterly performance measurement reviews with management as well as periodic senior management review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer (OCIO). In addition to the general controls the FTC has in place, which ensure only authorized staff can access key systems, each application (system) incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data accuracy and consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., BC and BCP) routinely monitor the data collection. For example, senior economists from BE review statistical data used by BC to calculate performance results.

The FMO is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance data.

Program Evaluation

In FY 2015, the Office of the Inspector General (OIG) completed program evaluations of two of the agency's Bureaus - BCP and BE. The purpose of both evaluations was to assess the FTC's allocation and management of resources within the Bureaus focusing on assessing enforcement and non-enforcement strategies, goals, policies and procedures. The OIG also explored best practices in selected similar organizations within other federal agencies.

The [BCP evaluation](#) found that BCP's strategic planning is a best practice in comparison to other agencies the OIG examined. The OIG made several recommendations including a documented strategic planning process that is repeatable over time, aligning resources consistent with priorities in the plan, and improving management level reporting. The evaluation also recommended creating timeliness goals and budgets for investigations where they do not already exist, and a more formal approach to the case selection process to ensure that defined factors are consistently applied in selecting cases. The OIG also made recommendations to determine the value of, and better utilize consumer complaint data collected in Consumer Sentinel. In addition, the OIG recommended opportunities to improve joint planning efforts between BE and BCP and to clarify processes for coordination between the two Bureaus on consumer protection cases.

The [BE evaluation](#) identified opportunities to improve the efficiency and effectiveness of BE's strategies, policies, procedures, and coordination with stakeholders across the FTC. The evaluation recommended that BE develop a strategic plan, develop and document bureau level performance measures, and create a portfolio-view of all completed, on-going and planned work products across the Bureau. In addition, the report recommended that BE document the roles and responsibilities of the Deputy Directors, and develop a knowledge management process to document standard BE processes and

procedures. OIG also recommended that BCP and BC provide more deposition training for economists to increase the cadre of potential expert witnesses. With respect to BE's research function, the evaluation recommended that the Bureau set an annual research agenda and formulate a system for tracking how research by BE's economists is used and cited. With respect to communication with other Bureaus within the FTC, the evaluation recommended that BE communicate the methodology and composition of economic analysis to BC and BCP counterparts, as well as implement procedures for management communication and coordination between BE and BCP as well as BC.

To support the development of strategic planning across the agency, the OIG also recommended during the course of both Bureau evaluations that the FTC Executive Director provide guidance for strategic plan frameworks, which the Office of the Executive Director has done.

Both Bureaus generally agreed with the findings and are in the process of implementing the OIG recommendations.

Strategic Human Capital Management

The FTC's strategic human capital management ensures that the agency has the diverse, skilled workforce needed to advance its mission, achieve its strategic goals and objectives, and meet performance measure targets. The agency conducts human capital planning in concert with long-term strategic planning and annual performance planning to keep human capital goals, policies, programs, and initiatives aligned with the strategic and performance plans.

Human capital planning encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction, which are evaluated annually by the [U.S. Office of Personnel Management's Employee Viewpoint Survey](#). More detailed information on human capital performance goals and results are provided in Strategic Objective 3.2.

Enterprise Risk Management

The FTC is initiating an Enterprise Risk Management (ERM) program to consider risks more systematically across major program areas. ERM will look at the full spectrum of the agency's risks related to achieving its strategic objectives. It will provide agency leadership with a portfolio view of risk to help inform decision-making.

First, the FTC established an agency internal control program policy and a senior assessment team. Second, ERM will examine governance plans, risk registers, and the assignment of roles and responsibilities for risk monitoring activities. Third and finally, ERM will standardize risk management and monitoring activities throughout the agency.

Annual Performance Goals: Fiscal Years 2014 to 2017
 For additional performance information, please see the reports available at
<http://www.ftc.gov/about-ftc/performance>.

	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Strategic Goal 1: Protect Consumers					
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.					
Performance Goal 1.1.1 Percentage of the FTC's consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC.	89.9%	93.8%	80.0%	80.0%	80.0%
Performance Goal 1.1.2 Rate of customer satisfaction with the FTC's Consumer Response Center.	(A) 71.0% (B) 81.0%	(A) 81.0% (B) 82.0%	(A) 72.0% (B) 72.0%	(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. (B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.	
Key / Efficiency Performance Goal 1.1.3 Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.	769.0%	723.4%	650.0%	650.0%	650.0%
Key Performance Goal 1.1.4 Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.	\$66.9 million	\$76.2 million	\$60.0 million	\$60.0 million	\$60.0 million
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.					
Performance Goal 1.2.1 Rate of consumer satisfaction with FTC consumer education websites.	79.0%	Data Not Available	73.0%	Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.	
Key Performance Goal 1.2.2 Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.	12,205	16,321	11,500	11,500	12,500
Performance Goal 1.2.3 Number of workshops and conferences the FTC convened that address consumer protection problems.	10	17	12	10	10
Performance Goal 1.2.4 Number of consumer protection reports the FTC released.	6	6	10	8	6

Annual Performance Goals: Fiscal Years 2014 to 2017

	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.					
Performance Goal 1.3.1 Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhance consumer protection.	424	435	375	375	375
Key Performance Goal 1.3.2 Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions, or in which the FTC cooperated with foreign agencies and/or multi-lateral organizations on enforcement matters.	45	58	40	40	40
Performance Goal 1.3.3 Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC.	60	76	60	60	60
Performance Goal 1.3.4 Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	81.8%	TBD	55.0%	55.0%	60.0%
Strategic Goal 2: Maintain Competition					
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.					
Key Performance Goal 2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations.	57.1%	55.8%	40.0-60.0%	40.0-60.0%	40.0-60.0%
Performance Goal 2.1.2 Consumer savings through merger actions taken to maintain competition.	\$1.0 billion	\$2.4 billion	\$900.0 million	\$900.0 million	\$2.1 billion
Key / Efficiency Performance Goal 2.1.3 Total consumer savings compared to the amount of FTC resources allocated to the merger program.	2,505.2%	5,129.1%	2,600.0%	2,600.0%	4,200.0%
Performance Goal 2.1.4 Consumer savings through nonmerger actions taken to maintain competition.	\$419.0 million	\$1.0 billion	\$80.0 million	\$80.0 million	\$900.0 million
Key / Efficiency Performance Goal 2.1.5 Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.	2,028.3%	4,863.3%	400.0%	400.0%	4,000.0%

Annual Performance Goals: Fiscal Years 2014 to 2017

	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.					
Performance Goal 2.2.1 Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.	4	4	4	4	4
Performance Goal 2.2.2 Number of reports and studies the FTC issued on key competition-related topics.	11	9	8	8	8
Performance Goal 2.2.3 Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	93.3%	TBD	55.0%	55.0%	60.0%
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.					
Key Performance Goal 2.3.1 Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	100.0%	100.0%	95.0%	95.0%	95.0%
Performance Goal 2.3.2 Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or government, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visit the FTC.	161	144	120	120	120
Strategic Goal 3: Advance Organizational Performance					
Objective 3.1: Optimize resource management and infrastructure.					
Performance Goal 3.1.1 A favorable Continuity of Operations (COOP) rating.	85.0%	90.0%	75.0%	75.0%	75.0%
Performance Goal 3.1.2 Availability of information technology systems.	99.98%	99.82%	99.50%	99.50%	99.50%
Performance Goal 3.1.3 Achieved a favorable (unmodified) audit opinion from the agency's independent financial statement auditors.	Unmodified opinion	Unmodified opinion	Unmodified opinion on the financial statements		
Efficiency Performance Goal 3.1.4 Average number of days for the FTC to release information in response to a simple FOIA request.	5.4 days	5.5 days	6.0 days	6.0 days	6.0 days

Annual Performance Goals: Fiscal Years 2014 to 2017

	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.					
Performance Goal 3.2.1 FTC achieves a high ranking in the Best Places to Work in the Federal Government.	Ranked 4th	Ranked 4th	Within the top 10 of mid-size agencies		
Key Performance Goal 3.2.2 The extent employees believe the FTC has the talent necessary to achieve organizational goals.	70.0%	72.0%	57.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.	
Performance Goal 3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.	68.0%	70.0%	57.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion - The New IQ Index.	

STRATEGIC GOAL 1: PROTECT CONSUMERS

The FTC has jurisdiction over a wide range of consumer protection issues. To carry out its broad mission, it must effectively use limited resources by targeting its law enforcement and education efforts to achieve maximum impact and by working closely with federal, state, international, and private sector partners in joint initiatives. In addition, the agency engages in dialogue with a variety of stakeholders to understand emerging issues. The FTC also conducts research on a variety of consumer protection topics.

Evaluation and Research

The FTC regularly evaluates the effectiveness of its efforts to protect consumers. The agency's research and analysis of important and emerging consumer protection issues enhances agency decision making and enables the agency to better protect consumers. This work is done through BCP and BE. These efforts include:

- Assessing the extent to which the consumer complaint and other information made available by the agency is used by its staff and law enforcement partners.
- Evaluating whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement effort.
- Evaluating the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.
- Measuring the number of education messages disseminated each year and assessing the number and range of public and private sector organizations that partner with the FTC on outreach.
- Reviewing the focus of the FTC education efforts, determining whether the agency needs to reach new audiences in light of changes in demographics, advertising and marketing practices, and emerging technologies, and identifying strategies or partnerships that will allow the FTC to reach those audiences.
- Evaluating whether the advice and comments the FTC provides to local, state, and federal agencies on consumer protection policies have been considered and adopted.

OBJECTIVE 1.1 IDENTIFY AND TAKE ACTIONS TO ADDRESS DECEPTIVE OR UNFAIR PRACTICES THAT HARM CONSUMERS.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Bureau of Economics

To fulfill its goal of protecting consumers, the FTC must identify consumer protection problems and trends in the fast-changing, increasingly global marketplace. The agency strives to understand the issues affecting consumers, including any emerging methods of fraud or deceit, so that it can target its enforcement, education, and advocacy on those areas where consumers suffer the most harm or where there will be the greatest impact. The FTC leverages its resources by sharing information with, and encouraging other law enforcement authorities to assist it in its efforts, by acting either independently or jointly.

To help ensure that its enforcement, education and advocacy efforts are well-targeted, BCP works with BE in evaluating economic harm to consumers as cases and programs are developed.

The FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency continues to collect consumer complaint information directly through four principal sources:

1. a toll-free helpline (1-877-FTC-HELP)
2. an identity theft hotline (1-877-ID-THEFT)
3. the [National Do Not Call Registry](#) (1-888-382-1222)
4. the online consumer complaint forms that support items 1-3, as well as an online form dedicated to cross-border fraud complaints.

In addition, the FTC continues to gather consumer complaint information from other sources, including national surveys, state and federal law enforcement agencies, Better Business Bureaus, and private entities. The FTC also maintains an electronic mailbox (spam@uce.gov) to which Internet users are encouraged to forward spam.

The agency makes consumer complaint data and other information available to other law enforcers through the secure website of the Consumer Sentinel Network.

The FTC recognizes that consumers cannot always identify whether unfair or deceptive practices have occurred. For example, consumers cannot evaluate for themselves the truthfulness of an environmental marketing claim, such as “made with recycled content.” The agency, therefore, identifies targets by augmenting its complaint databases with other enforcement leads, such as ad monitoring, Internet “surfs” (monitoring the

Internet for potentially false or deceptive advertising for a targeted product or service), evaluation of mobile practices, and direct referrals from government and private sector partners.

The FTC protects consumers by enforcing Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce, as well as by enforcing a number of statutes and rules proscribing specific unlawful practices. The FTC's Bureau of Consumer Protection, with the support of the Bureau of Economics, investigates cases and initiates civil enforcement actions, primarily by filing actions in federal court, when there is reason to believe that entities have violated these laws and rules. The FTC's enforcement actions seek injunctions and other relief. The FTC also brings enforcement actions via administrative proceedings.

Strategies

- Target law enforcement efforts on violations that create the greatest amount of consumer harm by reviewing complaints, monitoring practices in the marketplace, and evaluating industry and other information.
- Stop injury through aggressive law enforcement that focuses on preventing fraud and harmful financial practices, protecting consumer privacy, monitoring national advertising and new technologies, and suing entities that violate federal court and administrative orders obtained by the FTC.

FY 2015 Strategic Objective Progress Update

Progress made

After conducting a survey of its staff and external law enforcement members of the Consumer Sentinel Network, the FTC is starting the process of significantly upgrading Consumer Sentinel to respond to member suggestions. The objective of these upgrades is to increase the use by, and value of, Consumer Sentinel to the law enforcement members. In addition, the agency continues to hold workshops to identify the consumer protection issues associated with changes in technology and the marketplace, and to identify scams affecting different communities. The agency has brought enforcement actions related to these workshop topics, such as data security, debt collection, and scams affecting specific populations, such as senior citizens. Staff has conducted a comprehensive review of our studies examining the agency's effectiveness in stopping misleading advertising claims. As a result of that review, staff has begun two follow-up studies that will focus on advertising claims for which the agency can determine a baseline level of deceptive claims and then determine the agency's impact on reducing those claims.

BCP continued to make law enforcement training a priority in FY 2015. Most notably, FY 2015 was the first year for BCP's new "one stop" training and information platform, BCP Lit, which is accessed regularly by staff throughout the Bureau. Introduced at the end of FY 2014, the Bureau added substantial new content to the site throughout FY 2015, including new training videos, legal resources, and investigation and litigation

advice. The Bureau also provided separate two-day training seminars for its investigators and new attorneys in FY 2015, in addition to several trainings made available to all attorneys on relevant legal topics. BCP also hosted monthly “brown bags” to discuss important legal issues affecting BCP investigations and litigation. In addition, BCP continued to offer its mentoring program to staff.

Challenges or barriers

BCP faces resource challenges such as rising costs for expert witness contracts, travel, and litigation support tools. Overcoming these challenges is critical as BCP litigates larger and more complex cases in areas such as mobile platforms and new technologies, privacy and data security, and deceptive advertising. BCP also faces challenges in ensuring it has the personnel and resources to meet the consumer protection issues generated by emerging technologies.

Performance Goals

Performance Goal 1.1.1		
Percentage of the FTC’s consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC. (Output measure)		
<i>This goal ensures that FTC law enforcement actions target the subject of concerns identified by consumers.</i>		
Fiscal Year	Target	Actual
2017	80.0%	---
2016	80.0%	---
2015	80.0%	93.8%
2014	80.0%	89.9%
2013	70.0%	90.9%
2012	70.0%	90.6%
2011	65.0%	80.4%
2010	65.0%	95.9%
2009	65.0%	79.0%
2008	65.0%	71.0%
2007	50.0%	76.0%

Target Met/Exceeded
 In FY 2015, 93.8%, or 60 of 64, of BCP’s law enforcement actions targeted the subject of consumer complaints to the FTC.
 Because BCP augments identification of targets from its databases with other strategies for generating enforcement leads – such as ad monitoring, Internet surfs, mobile application surveys, and direct referrals from government and private sector partners – the results vary from year to year.

Performance Goal 1.1.2

Rate of customer satisfaction with the FTC’s Consumer Response Center. (Outcome measure)

This goal ensures that the agency’s Consumer Response Center is providing satisfactory service when it responds to consumer calls or complaints. The Consumer Response Center is often consumers’ first contact with the FTC, and if consumers do not have a satisfactory experience, they may be less likely to file complaints.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	See (A) and (B)	---	<p>Target Met/Exceeded In FY 2015, the average citizen satisfaction score for participating federal government websites was 72.0%, and the score for the FTC’s website was 81.0%. The standard for call centers was 72.0%, and the FTC’s score was 82.0%.</p>
2016	See (A) and (B)	---	
2015	(A) 72.0% (B) 72.0%	(A) 81.0% (B) 82.0%	
2014	(A) 74.0% (B) 74.0%	(A) 71.0% (B) 81.0%	
2013	(A) 74.0% (B) 74.0%	(A) 76.0% (B) 80.0%	
2012	(A) 74.0% (B) 74.0%	(A) 75.0% (B) 79.0%	
2011	(A) 74.0% (B) 74.0%	(A) 75.0% (B) 77.0%	
2010	(A) 74.0% (B) 76.0%	(A) 75.0% (B) 76.0%	

(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI’s E-Government Satisfaction Index.
 (B) For the call center, meet or exceed standards for call centers developed by the Citizens Service Levels Interagency Committee.

**Key Performance Goal 1.1.3**

Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement. (Efficiency measure)

This goal tracks how much money the FTC saves consumers each year through law enforcement. When the FTC files an administrative complaint or a federal district court action and prevails in litigation, it typically obtains a court order stopping the challenged practices. If defendants fail to comply with such an order, they are subject to contempt or civil penalty proceedings. By obtaining court orders to stop illegal practices that harm consumers, the agency directly prevents additional consumer losses.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	650.0%	---	During FY 2015, the agency saved consumers over seven times the amount of resources devoted to the consumer protection program, or \$717.7 million. This is largely attributable to the consumer savings from the Russell T. Dalbey, AT&T Mobility, and T-Mobile cases.
2016	650.0%	---	
2015	650.0%	723.4%	
2014	Baseline Year	769.0%	

**Key Performance Goal 1.1.4**

Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury. (Numbers shown in millions) (Outcome measure)

This goal tracks the FTC's effectiveness in returning money to consumers who were defrauded or forwarding money to the U.S. Treasury (e.g., if redress is impracticable, or if funds were paid as a civil penalty).

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	\$60.0	---	In FY 2015, the FTC returned \$49.8 million to consumers and forwarded \$26.4 million to the U.S. Treasury. The FTC returned money to consumers in the Sensa Products, Asset Capital and Management Group, and TriVita cases, among others. The money returned to the U.S. Treasury included civil penalties obtained in settlements with ICON Health and Fitness, Green Tree Servicing, and Daniel Chapter One.
2016	\$60.0	---	
2015	\$60.0	\$76.2	
2014	Baseline year	\$66.9	

Other Indicators

- Complaints collected and entered into the Consumer Sentinel Network database. (Input measure)

The indicator ensures that the agency assimilates a large number of consumer complaints, including complaints about Do Not Call violations. The agency will receive these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC's partners. In this manner, the FTC will collect robust information to inform its law enforcement efforts.

- » FY 2015: 7.1 million complaints
- » FY 2014: 5.6 million complaints
- » FY 2013: 5.7 million complaints
- » FY 2012: 5.8 million complaints
- » FY 2011: 4.0 million complaints
- » FY 2010: 3.1 million complaints

- The percent of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months. (Efficiency measure)

The indicator will ensure that the FTC returns redress dollars to injured consumers as quickly as possible. Dollars are considered "designated for distribution" when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready.

- » FY 2015: 88.2%
- » FY 2014: 100.0%
- » FY 2013: 94.7%
- » FY 2012: 95.0%
- » FY 2011: 100.0%
- » FY 2010: 96.0%

FY 2016–2017 Next Steps and Future Actions for Strategic Objective

- Evaluate whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement.
- Evaluate the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.

OBJECTIVE 1.2 PROVIDE THE PUBLIC WITH KNOWLEDGE AND TOOLS TO PREVENT HARM TO CONSUMERS.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Bureau of Economics

Consumer and business education serves as the first line of defense against fraud, deception, and unfair practices. Most FTC law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. The agency also conducts consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and underserved audiences, particularly those who may not seek information directly from the FTC. In addition, the FTC will continue to educate consumers about how to avoid identity theft and provide information to those who have become victims of identity theft. The FTC also will continue to publicize its consumer complaint and identity theft websites and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of ways to contact the FTC to obtain information or file a complaint.

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act. Under this authority, the FTC gathers, analyzes, and makes public certain information that serves the public interest. The FTC also convenes conferences and workshops through which experts and other experienced and knowledgeable parties identify cutting-edge consumer protection issues and discuss ways to address those issues. The FTC recognizes that stakeholders other than government are at times better placed to address certain consumer protection issues. The agency, therefore, encourages self-regulatory efforts and partners with the private sector to disseminate consumer education content developed by the agency.

Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury. Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being, both online and off.
- Integrate mobile technologies into education and outreach initiatives through multimedia and interactive content.
- Monitor the marketplace and technological developments to identify emerging consumer protection issues, hold workshops or conferences to examine these issues, and, where appropriate, issue reports analyzing the issues to provide the public with knowledge and tools to prevent consumer harm.

FY 2015 Strategic Objective Progress Update

Progress made

Fraud affects consumers in every community regardless of where they live or what language they speak. The FTC continues to examine its reach into diverse communities and evaluate how best to reach all consumers as part of the agency's "Every Community" initiative. The FTC is working to reach these communities through targeted education materials and messages. In 2015, the FTC expanded its popular "fotonovela" (graphic novel) series with two new titles, Debt Collectors and Notario Scams. Latino community-based organizations ordered the booklets by the thousands. In partnership with the International Rescue Committee, the agency reached out to the refugee community with a fraud "handbook" for refugees and recent immigrants in seven languages. The FTC's Pass It On/Pásalo campaign continues to provide information about avoiding scams to active older adults. Materials in English and Spanish reinforce what older adults already know about scams and encourage them to "pass it on" to their friends and neighbors. These programs are part of the agency's ongoing efforts to reach underserved consumers. The FTC redesigned IdentityTheft.gov to provide a one-stop resource for consumers about identity theft and steps for identity recovery. Coordinated print materials were produced and added to the catalog of publications. Based on information from data security cases, the FTC produced Start with Security, a new business guidance booklet and series of workshops designed to provide businesses with practical resources to help them implement effective data security strategies.

Challenges or barriers

The FTC encountered challenges meeting the demand for educational materials available in print. We mitigated these issues through judicious funding, publication revisions, and streamlining the catalog of printed materials. Professional review of language translations proved challenging for the wide variety of languages required to reach the refugee community. The FTC alleviated this problem through an Interagency Agreement with the Library of Congress Research Division, which provides translation review for numerous languages.

Performance Goals

Performance Goal 1.2.1 Rate of consumer satisfaction with FTC consumer education websites. (Outcome measure) <i>This goal ensures that the agency's consumer education websites are effective and helpful for consumers.</i>			
Fiscal Year	Target	Actual	Data Not Available In FY 2015, the FTC continued to evaluate www.OnGuardOnline.gov , a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 73.0%, and the score for www.OnGuardOnline.gov was 80.0% for the period October 1, 2014 through January 20, 2015. Due to technical and contractual issues, the OnGuardOnline.gov survey was not available to consumers for the remainder of the fiscal year.
2017	See note*	---	
2016	See note*	---	
2015	73.0%	Data Not Available	
2014	73.0%	79.0%	
2013	73.0%	80.0%	
2012	74.0%	81.0%	
2011	74.0%	81.0%	
2010	74.0%	77.0%	
*Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.			



Key Performance Goal 1.2.2

Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns. (Output measure)

This goal ensures that the FTC maximizes its reach to consumers and businesses by partnering with other groups and providing free bulk quantities of education materials via an online order system. These other groups often distribute the education materials directly to their constituents. The performance goal therefore helps determine the extent to which the FTC's education tools reach consumers.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	12,500	---	<p>The FTC increased the number of partners using consumer and business education materials by employing targeted outreach programs and leveraging cost-effective outlets, such as social media. In FY 2015, targeted mailings promoted two new Spanish language “fotonovelas” and Pass It On information for older consumers. Materials are promoted through the agency’s websites, blog posts, webinars, Twitter chats, and Facebook posts.</p>
2016	11,500	---	
2015	11,500	16,321	
2014	11,250	12,205	
2013	12,300	11,236	
2012	12,000	11,298	
2011	11,300	14,818	
2010	11,000	15,372	

Performance Goal 1.2.3

Number of workshops and conferences the FTC convened that address consumer protection problems. (Output measure)

This goal ensures that enforcement and education efforts are augmented by encouraging discussions among all interested parties, through careful study of novel or challenging consumer protection problems.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	10	---	In FY 2015, the FTC convened or cosponsored 17 workshops and conferences that addressed consumer protection problems. These events brought together approximately 2,455 participants.
2016	10	---	
2015	12	17	
2014	12	10	
2013	8	12	
2012	8	14	
2011	8	14	
2010	6	11	
2009	6	9	
2008	6	16	
2007	6	10	

Performance Goal 1.2.4

Number of consumer protection reports the FTC released. (Output measure)

This goal ensures that the FTC releases a variety of informative reports to the public that help promote the understanding and awareness of consumer protection issues.

Fiscal Year	Target	Actual	Target Not Met
2017	6	—	In FY 2015, the FTC published four consumer protection related reports in the areas of cigarettes, smokeless tobacco, privacy and security in the internet of things, and accuracy of information in credit reports. The agency also published two annual reports – the Do-Not-Call Registry and the Consumer Sentinel Network Data Book. Although the agency did not meet the target of publishing 10 consumer protection reports, several reports were drafted during FY 2015 but have yet to be finalized for publication. These reports are expected to be published in FY 2016. *New performance goal in FY 2014. Historical data shown for context.
2016	8	—	
2015	10	6	
2014	10	6	
2013	*	12	
2012	*	10	
2011	*	9	

Other Indicators

- Consumer protection messages accessed in print. (Output measure)

The indicator helps ensure that the agency is engaging in a sufficient amount of educational activity.

- » FY 2015: 17.4 million messages
- » FY 2014: 13.7 million messages
- » FY 2013: 11.8 million messages
- » FY 2012: 10.8 million messages
- » FY 2011: 16.2 million messages
- » FY 2010: 17.5 million messages

- Social media subscribers and followers. (Input measure)

The indicator helps gauge the FTC's online presence, which enables the agency to reach more consumers with its educational messages.

- » FY 2015: 366,876 subscribers/followers
- » FY 2014: 263,568 subscribers/followers
- » FY 2013: 152,548 subscribers/followers
- » FY 2012: 75,424 subscribers/followers

FY 2016 – 2017 Next Steps and Future Actions for Strategic Objective

- Measure the number of education messages disseminated each year and assess the number and range of public and private sector organizations that partner with the FTC on outreach.
- Review the focus of FTC education efforts, determine whether the agency needs to reach new audiences in light of changes in demographics, advertising, marketing practices, and emerging technologies, and identify strategies or partnerships that will allow the FTC to reach those audiences.
- Evaluate the effectiveness of IdentityTheft.gov, the federal government's new one-stop resource to help consumers report and recover from identity theft.

OBJECTIVE 1.3 COLLABORATE WITH DOMESTIC AND INTERNATIONAL PARTNERS TO ENHANCE CONSUMER PROTECTION.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Office of International Affairs; Director, Office of Policy Planning; Director, Bureau of Economics; General Counsel, Office of the General Counsel

The FTC works with partners in the U.S. and internationally to address new and emerging consumer protection challenges. The geographic location and other demographics may affect the types of fraud that consumers encounter. It is therefore important for governmental and non-governmental organizations to share information and resources to enhance consumer protection.

The FTC promotes consumer protection domestically through advocacy by filing comments with federal, state, and local government bodies advocating policies that promote the interests of consumers and highlight the roles of consumer and empirical research in their decision-making. The agency also files amicus briefs to aid courts' consideration of consumer protection issues.

Because telemarketing and internet fraud, privacy violations, and data security breaches are increasingly cross-border in scope, the FTC routinely cooperates and collaborates with its foreign counterparts to implement broad-based international programs that combine cross-border law enforcement, policy, and technical assistance work. The FTC actively participates in numerous multinational organizations that engage in enforcement cooperation activities against mass-marketing fraud. The FTC provides technical assistance to newer consumer protection agencies and privacy authorities in foreign countries to help enhance their ability to achieve sound consumer protection outcomes in enforcement and policy-making. The agency also provides policy advice through substantive consultations and written comments on areas of mutual concern. This multi-faceted approach promotes a global marketplace that provides consumers with more consistent and effective protections.

Strategies

- Leverage resources by working with domestic and international partners in government and the private sector to share information about consumer protection issues.
- Pursue the development of international consumer protection enforcement models or approaches that focus on protecting consumers by promoting informed consumer choice and economic benefit.
- Provide technical assistance to countries establishing consumer protection regimes, as well as provide selected foreign officials with an opportunity to work alongside FTC attorneys, investigators, and economists to learn about the FTC's approach to consumer protection enforcement and to promote further cooperation between the countries.

FY 2015 Strategic Objective Progress Update

Progress made

The FTC exceeded the targets that relate to collaboration with both domestic and international counterparts to enhance consumer protection. In the enforcement area, the FTC worked closely with its state and local partners on numerous investigations, including several large projects such as the debt collection sweep Messaging for Money, the auto industry sweep Operation Ruse Control, and the Cancer Fund of America Case, a lawsuit the FTC brought jointly with agencies from every state and the District of Columbia. The FTC also continued to strengthen its ties with existing international enforcement networks – such as the International Consumer Protection and Enforcement Network (ICPEN), the London Action Plan (LAP) anti-spam network and the Global Privacy Enforcement Network (GPEN). This past year the FTC worked to expand the number of participating authorities and strengthen the use of data (including consumer complaint data) and technology to support the networks' cross-border enforcement cooperation activities. The agency also used its authority under the U.S. SAFE WEB Act to provide assistance to a wider range of foreign counterparts. The FTC also entered into a new memorandum of understanding (MOU) with the Dutch Data Protection

Authority to enhance information sharing and enforcement cooperation on privacy-related matters.

In the policy and technical assistance area, the agency engaged extensively on consumer policy issues in international organizations such as the Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). This engagement resulted in substantial progress on negotiations to revise the OECD's e-commerce consumer protection guidelines and to update the UN Guidelines on Consumer Protection, which were finalized in December 2015. The FTC continued its work to protect consumer privacy in cross-border data transfer systems - including by helping to expand the Asia-Pacific Economic Cooperation (APEC) cross-border privacy system and by working, alongside other U.S. government agencies, to develop new approaches to cross-border data transfers between the U.S. and the EU, including enhancements to the 2000 Safe Harbor Framework. The FTC also expanded the subject matter and types of training it delivers to new and developing agencies through its technical assistance programming.

In the consumer protection advocacy arena, the FTC submitted a comment to the Department of Defense (DoD) on proposed amendments to DoD's regulations implementing the Military Lending Act. Staff also filed a comment on a Notice of Proposed Rulemaking published by the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of Treasury, in which FinCEN proposed a rule to clarify and strengthen existing customer due diligence requirements for financial institutions under the Bank Secrecy Act. In addition, the FTC filed comments in response to: a Federal Communication Commission public notice seeking input on call-blocking; a National Highway Traffic Safety Administration's advance notice of proposed rulemaking related to vehicle-to-vehicle communications; and a Food and Drug Administration (FDA) request for public comment regarding homeopathic medications. The FTC also filed a staff comment to the Department of Energy on the Voluntary Code of Conduct.

Challenges or barriers

International cooperation efforts are long-term efforts that can be affected by events beyond the agency's control, such as foreign court proceedings and political changes that result in changes in foreign counterpart agency's policies and staff. Political turmoil in certain regions can also make cooperation on particular issues more difficult.

Performance Goals

Performance Goal 1.3.1

Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhanced consumer protection. (Output measure)

This goal ensures the FTC is leveraging resources with domestic partners on consumer protection issues to further the goal of protecting consumers from fraud.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	375	---	In FY 2015, BCP shared information with other U.S. federal, state, and local government agencies in 107 investigations or cases. In FY 2015, BCP received information from other U.S. federal, state, and local government agencies in 328 investigations or cases.
2016	375	---	
2015	375	435	
2014	Baseline Year	424	

**Key Performance Goal 1.3.2**

Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters. (Output measure)

This goal ensures that the agency is leveraging resources with foreign agencies and organizations, to increase the effectiveness of the FTC's enforcement actions.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	40	---	<p>In FY 2015, the FTC cooperated in 58 instances on consumer protection and privacy matters to obtain or share evidence or engage in other enforcement cooperation for investigations, cases, and enforcement-related projects. In particular, foreign authorities assisted the FTC in activities such as locating investigative targets and defendants, sharing consumer complaints, obtaining corporate records, and providing other investigative information. The FTC also provided assistance to numerous foreign authorities through various mechanisms using its authority under the U.S. SAFE WEB Act to share information and provide investigative assistance using compulsory process. The FTC also cooperated with international enforcement organizations such as the International Consumer Protection Enforcement Network, the Global Privacy Enforcement Network, the London Action Plan anti-spam network, and the International Mass Marketing Fraud working group on enforcement matters.</p>
2016	40	---	
2015	40	58	
2014	40	45	
2013	30	61	
2012	30	56	
2011	30	53	
2010	30	39	

Performance Goal 1.3.3

Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC. (Output measure)*

This goal tracks policy advice and/or technical assistance the FTC provides to foreign consumer and privacy agencies through seminars, substantive consultations, written submissions, comments, and visits by foreign officials.

Fiscal Year	Target	Actual	<p>Target Met/Exceeded In FY 2015, the FTC provided policy input to foreign consumer protection and privacy agencies in 76 instances. This included policy advice and technical input on a wide range of consumer and privacy policy issues delivered through seminars, substantive consultations, oral presentations, and written comments. Of the 76 inputs, 21 represent technical assistance missions to new and developing consumer protection and privacy agencies, and 3 represent the International Fellows from Australia, Canada, and Zambia, who worked alongside FTC staff in support of the consumer protection mission.</p> <p>*Previously tracked as two separate performance goals – policy advice provided and technical assistance provided - these two performance goals were combined into a single performance goal starting in FY 2014.</p>
2017	60	---	
2016	60	---	
2015	60	76	
2014	60	60	

Performance Goal 1.3.4

Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)

This goal will evaluate the success of consumer protection advocacies filed by the FTC.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	60.0%	---	Nine consumer protection advocacies were resolved successfully, in whole or in part, in FY 2014. They related to consumer financial education, consumer disclosures on mortgages and electric bills, debt collection, and better monitoring of debit transactions for consumer fraud. FY 2015 data is expected in early calendar year 2016. *Historical data shown for context. **The FY 2011 actual only includes advocacies filed in FY 2011, of which zero were resolved that year.
2016	55.0%	---	
2015	55.0%	TBD	
2014	55.0%	81.8%	
2013	55.0%	85.7%	
2012	*	100.0%	
2011	*	none**	
2010	*	No data	

Other Indicators

- Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts. (Output measure)

The indicator is a measure of the outputs of the agency’s advocacy activities relating to consumer protection matters.

- » FY 2015: 9 advocacy comments and amicus briefs
- » FY 2014: 11 advocacy comments and amicus briefs
- » FY 2013: 12 advocacy comments and amicus briefs
- » FY 2012: 8 advocacy comments and amicus briefs
- » FY 2011: 3 advocacy comments and amicus briefs
- » FY 2010: 6 advocacy comments and amicus briefs

- Percentage of survey respondents finding the FTC’s advocacy comments to be “useful.” (Outcome measure)

The indicator helps assess the effect of consumer protection advocacy comments based on survey respondents’ feedback.

- » FY 2015: 100.0%
- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: N/A – No survey responses received
- » FY 2011: 100.0%
- » FY 2010: 100.0%

FY 2016–2017 Next Steps and Future Actions for Strategic Objective

- Engage through the OECD to update the 1999 OECD Guidelines on Consumer Protection in Electronic Commerce and related work on participative (or social) e-commerce, the “sharing economy,” and other developments such as the Internet of Things in preparation for the OECD’s June 2016 Ministerial on the Digital Economy.
- Work with international partners to strengthen cooperation among enforcement partners, bilaterally and through multilateral organizations such as the International Consumer Protection Enforcement Network, the London Action Plan, and the International Mass-Marketing Fraud Network including through new and expanded initiatives with foreign criminal authorities and private sector partners, particularly in countries that are increasingly the source of fraud directed at American consumers. Use technological tools to expand cooperation and information sharing with counterpart agencies.
- Engage in enforcement cooperation pursuant to the APEC cross-border data privacy rules system and work to expand membership among APEC countries.
- Consult with international authorities on developing new approaches to privacy and cross-border data transfers through the OECD and other international organizations such as the International Conference of Data Protection and Privacy Commissioners and the Global Privacy Enforcement Network. Work bilaterally on enhancements to the U.S.-EU Safe Harbor Framework.
- Continue to explore the use of enforceable codes of conduct, including voluntary industry codes, public-private hybrid arrangements, and international standards to protect consumers in cross-border commerce.

- Continue to build and expand a robust international consumer protection and privacy technical assistance program for newer consumer protection and privacy agencies, especially in Latin America, Southeast Asia, and Africa. Engage in related capacity building work with regional networks and international organizations.
- Further develop the International Fellows and staff exchange programs.
- File comments or otherwise engage in advocacy with local, state, federal, and foreign government entities that evaluate the costs and benefits of proposed policies on consumers and an awareness of the intersection of competition and consumer protection concerns.
- File amicus briefs with federal courts when possible to address possible court decisions affecting competition and consumer protection concerns.
- Evaluate whether the advice and comments (e.g., advocacy filings, amicus briefs, etc.) that the FTC provides to local, state, and federal government entities on consumer protection policies have been considered and adopted.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

The FTC's efforts to maintain competition focus on preventing anticompetitive mergers and other anticompetitive business practices in the marketplace. This work is critical to protect and strengthen free and open markets – the cornerstone of a vibrant economy. Vigorous competition results in lower prices, higher quality goods and services, and innovation leading to beneficial new products and services. By enforcing the antitrust laws, the FTC helps to ensure that markets function well.

As a part of its program to maintain competition, the FTC undertakes competition policy research and development activities to improve agency decision making in areas such as law enforcement and competition advocacy. The FTC also promotes competition through advocacy and education initiatives. These initiatives deter anticompetitive mergers and business practices and reduce business' costs of compliance with antitrust laws. Advocacy encourages governmental actors at the federal, state, and local levels to evaluate the effects of their policies on competition and ensure such policies promote consumer benefit. In addition, the FTC's international program supports the FTC's competition mission through its engagement with competition agencies in other countries, both directly and through international networks.

Evaluations and Research

The FTC continuously evaluates the effectiveness of its efforts to maintain and promote competition. The FTC uses research projects, workshops, and hearings to improve its understanding of significant antitrust issues, emerging trends in business practices, and dynamic technology markets in order to adapt its law enforcement efforts to the continually evolving and complex marketplace. After each major litigation effort, the FTC internally evaluates its litigation performance to identify best practices and training opportunities for future litigation teams. The FTC assesses its investigative process to improve efficiency and reduce any unnecessary burden imposed by investigations. The FTC's Bureau of Economics conducts retrospective analyses of mergers and studies other competition issues to determine whether the actions taken resulted in over or under regulation. The agency also evaluates the policy impact of the FTC's advocacy initiatives.

OBJECTIVE 2.1: IDENTIFY AND TAKE ACTIONS TO ADDRESS ANTICOMPETITIVE MERGERS AND PRACTICES THAT HARM CONSUMERS.

Goal Leaders: Director, Bureau of Competition; Director, Bureau of Economics

The FTC takes action to block or remedy anticompetitive mergers and to stop anticompetitive conduct. Anticompetitive mergers and other coordinated or unilateral conduct can lessen competition and cause harm to consumers through higher prices, inferior service, or diminished innovation. Anticompetitive practices can also harm competition and consumers if they make it more difficult for other companies to enter the market. Enforcement of the antitrust laws provides substantial benefits to consumers by helping to ensure that markets are competitive.

The FTC's BC, together with BE, investigates proposed and consummated mergers, as well as conduct and agreements that may be anticompetitive, and takes enforcement action when it has reason to believe that mergers or conduct will likely harm consumers. The FTC's enforcement actions result in litigation, consent orders, abandoned or restructured transactions or agreements, or the cessation of anticompetitive conduct. The FTC strives to maintain strong litigation capabilities and works to ensure that the remedies imposed by its consent orders are effective in maintaining competition in the marketplace without undue burden on businesses.

The Hart-Scott-Rodino (HSR) Premerger Notification Act provides the FTC an effective starting point for identifying anticompetitive mergers and taking action to block or remedy them before they are consummated. The FTC administers the HSR program both for itself and for the Antitrust Division of the Department of Justice, which shares authority to challenge anticompetitive mergers. The FTC also uses trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that do not meet HSR notification requirements, or that were not reported in violation of HSR.

In addition, the FTC employs a variety of methods to identify potentially anticompetitive practices and conduct outside the merger context (for example, consumer and competitor complaints, referrals from other government agencies, and trade press).

Strategies

- Increase the efficiency of investigatory processes to conduct rigorous, economically sound, and fact-based analysis of mergers and other potentially anticompetitive business practices, and enhance enforcement outcomes while minimizing burdens on business.
- Improve the timeliness of investigations and merger review under the HSR program. Ensure that administrative litigations and adjudications reach timely resolutions.

- Improve negotiation and litigation skills and refine investigative and decisional tools through continuous learning.
- Negotiate merger and nonmerger consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects. Increase compliance with consent decrees and orders and with HSR reporting obligations.
- Increase the transparency of the decision-making process, including assessing whether revisions to enforcement guidelines are required.

FY 2015 Strategic Objective Progress Update

Progress made

The FTC devoted significant resources to legal professional development in FY 2015. BC focused on cost-neutral approaches to use staff expertise and experience to provide valuable training opportunities to its staff. BC's Training Council offered programs addressing important topics in antitrust enforcement, and facilitating intra-organizational collaboration. BC also continued a revamped mentoring program, and made targeted investments in executive leadership development and communications.

The agency continued to devote resources to identifying opportunities to streamline its investigatory processes and minimize the burden imposed on legitimate business practices. BC completed a review of the 2006 merger process reforms and other investigative processes as part of this continued effort. The agency also launched a new litigation support platform, which it is devoting significant resources to fine-tuning.

Challenges or barriers

Resource constraints remain the most significant challenge to the bureau. Development and support of the technological tools necessary to improve processes and streamline operations require significant financial and staff resources. The rising costs of critical expert witness resources and the ongoing challenge of how to efficiently manage document productions of increasing size are two of the foremost barriers. Likewise, increases in case load continue to put pressure on staffing resources.

Performance Goals

	<p>Key Performance Goal 2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations. (Outcome measure)</p> <p><i>This goal encourages the agency to use its resources wisely in bringing appropriate investigations and in crafting and pursuing effective resolutions, whether through litigation or settlement. Success on this performance measure indicates that the FTC is (i) effectively screening HSR reported transactions and identifying other mergers and conduct practices that raise significant antitrust concerns warranting further investigation and possible enforcement action while (ii) allowing procompetitive and competitive neutral mergers and conduct to consumers to proceed unimpeded.</i></p>		
Fiscal Year	Target	Actual	<p>Target Met/Exceeded The agency achieved successful outcomes in 29 of the 52 substantial merger and nonmerger investigations concluded in FY 2015. These 29 actions include 21 consent orders, 1 merger transaction that was withdrawn after the Commission authorized a preliminary injunction (Verisk/EagleView), 3 cases in which the agency issued a consent order (2 of which included orders for disgorgement of ill-gotten gains) after filing a complaint in federal court, 1 case in which the agency issued a consent order after filing an administrative complaint, 1 case in which the parties abandoned their transaction after the Commission successfully obtained a preliminary injunction in federal court (Sysco), and 2 cases won on appeal (NC Dental and ProMedica/St. Luke's).</p>
2017	40.0 to 60.0%	---	
2016	40.0 to 60.0%	---	
2015	40.0 to 60.0%	55.8%	
2014	40.0 to 60.0%	57.1%	
2013	40.0 to 60.0%	42.2%	<p>The agency brought 21 merger actions in second request or compulsory process investigations in a wide variety of industries such as pharmaceuticals and medical devices, hospitals, retail supermarkets and consumer goods, broadline food distribution, energy, technology, and manufacturing.</p>
2012	40.0 to 60.0%	43.1%	
2011	40.0 to 60.0%	34.1%	<p>The FTC also brought eight actions against anticompetitive tactics that the agency had reason to believe harmed consumers or competition in industries such as pharmaceuticals, health care, and professional associations.</p>
2010	40.0 to 60.0%	40.0%	<p>Of the 23 substantial investigations that were closed without an action, 13 involved nonmerger matters and 10 were merger matters.</p>

Performance Goal 2.1.2

Consumer savings through merger actions taken to maintain competition. (Numbers shown in millions) (Outcome measure)

This goal ensures that the agency challenges the mergers that cause the greatest consumer injury by targeting the agency's resources effectively and efficiently. Performance Goals 2.1.2 and 2.1.4 assess the consumer benefits attributable to the FTC's enforcement actions.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	\$2.1 billion	---	<p>Target Met/Exceeded In FY 2015, the FTC saved consumers an estimated \$2.4 billion through its merger actions to maintain competition. A small number of merger actions, primarily in the national food distribution and consumer goods industries, resulted in considerable consumer savings and led to a significant increase in the overall average consumer savings reported this year. The effects of this increase will continue through FY 2019.</p>
2016	\$900.0	---	
2015	\$900.0	\$2.4 billion	
2014	\$900.0	\$1.0 billion	
2013	\$500.0	\$564.2	
2012	\$500.0	\$504.9	
2011	\$500.0	\$532.2	
2010	\$500.0	\$586.0	
2009	\$500.0	\$791.0	
2008	\$500.0	\$360.0	
2007	\$500.0	\$805.0	



Key Performance Goal 2.1.3

Total consumer savings compared to the amount of FTC resources allocated to the merger program. (Efficiency measure)

This goal ensures that the agency challenges the mergers that cause the greatest consumer injury by targeting the agency’s resources effectively and efficiently. Performance Goals 2.1.3 and 2.1.5 serve as indicators of the competition mission’s return on investment for consumers.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	4,200.0%	---	<p>In FY 2015, the FTC saved consumers more than 51 times the amount of resources devoted to the merger program. As mentioned in Performance Goal 2.1.2, a small number of merger actions, primarily in the national foods distribution and consumer goods industries, resulted in considerable consumer savings and led to a significant increase in the overall average consumer savings reported this year. The effects of this increase will continue through FY 2019.</p>
2016	2,600.0%	---	
2015	2,600.0%	5,129.1%	
2014	2,600.0%	2,505.2%	
2013	1,300.0%	1,382.2%	
2012	1,300.0%	1,492.4%	
2011	600.0%	1,419.0%	
2010	600.0%	1,670.0%	
2009	600.0%	2,132.0%	
2008	600.0%	1,121.0%	
2007	600.0%	2,500.0%	

Performance Goal 2.1.4

Consumer savings through nonmerger actions taken to maintain competition.
(Numbers shown in millions) (Outcome measure)

This goal ensures that the agency challenges conduct that causes the greatest consumer injury by targeting the agency's resources effectively and efficiently. Performance Goals 2.1.2 and 2.1.4 assess the consumer benefits attributable to the FTC's enforcement actions.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	\$900.0	---	<p>In FY 2015, the FTC obtained estimated savings to consumers of approximately \$1.0 billion through nonmerger actions taken to maintain competition. The agency exceeded the target as a result of the Commission concluding its nine-year investigation into Cephalon, Inc., which was charged with illegally blocking generic competition to one of its popular prescription drugs. The settlement ensured that \$1.2 billion in ill-gotten gains would be returned to purchasers who overpaid as a result of the illegal conduct. The effects of this settlement will continue through FY 2019.</p>
2016	\$80.0	---	
2015	\$80.0	\$1.0 billion	
2014	\$440.0	\$419.0	
2013	\$450.0	\$449.8	
2012	\$450.0	\$439.8	
2011	\$80.0	\$444.9	
2010	\$80.0	\$508.0	
2009	\$80.0	\$188.0	
2008	\$80.0	\$28.0	
2007	\$80.0	\$75.0	



Key Performance Goal 2.1.5

Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program. (Efficiency measure)

This goal ensures that the agency challenges conduct that causes the greatest consumer injury by targeting the agency's resources effectively and efficiently. Performance Goals 2.1.3 and 2.1.5 serve as indicators of the competition mission's return on investment for consumers.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	4,000.0%	---	<p>In FY 2015, the FTC saved consumers more than 48 times the amount of resources it devoted to the non-merger enforcement program. As mentioned under Performance Goal 2.1.4, the agency exceeded the target as a result of the Commission concluding its nine-year investigation into Cephalon, Inc., which was charged with illegally blocking generic competition to one of its popular prescription drugs. The settlement ensured that \$1.2 billion in ill-gotten gains would be returned to purchasers who overpaid as a result of the illegal conduct. The effects of this case will continue through FY 2019.</p>
2016	400.0%	---	
2015	400.0%	4,863.3%	
2014	1,850.0%	2,028.3%	
2013	2,000.0%	2,296.0%	
2012	2,000.0%	1,831.7%	
2011	400.0%	1,917.7%	
2010	400.0%	2,418.0%	
2009	400.0%	1,035.0%	
2008	400.0%	164.0%	
2007	400.0%	424.0%	

Other Indicators

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took merger enforcement action. (Outcome measure)
 - » FY 2015: \$63.3 billion
 - » FY 2014: \$18.6 billion
 - » FY 2013: \$21.0 billion
 - » FY 2012: \$20.2 billion
 - » FY 2011: \$22.7 billion
 - » FY 2010: \$22.5 billion

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took anticompetitive conduct enforcement action. (Outcome measure)
 - » FY 2015: \$76.1 billion
 - » FY 2014: \$10.9 billion
 - » FY 2013: \$13.1 billion
 - » FY 2012: \$11.7 billion
 - » FY 2011: \$11.6 billion
 - » FY 2010: \$11.7 billion

These two indicators highlight the effective and efficient use of FTC resources by measuring the size of the relevant product markets in which the agency took enforcement action. At the same time, the FTC acknowledges the important educational and deterrent roles that competition enforcement actions in smaller markets play in maintaining and promoting competition in larger markets.

FY 2016 – 2017 Next Steps and Future Actions for Strategic Objective

- Continue to expand employee development programs to increase the antitrust expertise and investigative, negotiation, and litigation skills of its legal staff through continuous learning and retrospective analysis. Utilize BC’s Training Council to assess legal staff development opportunities and to provide a comprehensive training curriculum to address staff needs.
- Continue to focus on improving the investigative process, including use of improved technological tools and the identification of “best practices” to better manage and coordinate investigations and litigation.
- As in prior years, continue ongoing assessment of premerger notification filing requirements and screening methods to maximize efficiency and effectiveness with an emphasis on reducing the burden on filing parties and antitrust agencies.

OBJECTIVE 2.2 ENGAGE IN EFFECTIVE RESEARCH AND STAKEHOLDER OUTREACH TO PROMOTE COMPETITION, ADVANCE ITS UNDERSTANDING, AND CREATE AWARENESS OF ITS BENEFITS TO CONSUMERS.

Goal Leaders: Director, Bureau of Competition; General Counsel, Office of the General Counsel; Director, Office of Policy Planning

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act and the historical report-writing activity of its predecessor entity, the Bureau of Corporations. Under this authority, the FTC gathers, analyzes, and makes

public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses this authority to enhance consumer welfare by holding public hearings, convening conferences and workshops, conducting economic studies on competition issues of significant public importance, and issuing reports of its findings. The agency uses the information internally to refine the theoretical economic framework for analyzing competition issues and understanding industry practices, and to help the FTC respond effectively to changing marketplace conditions. This information also contributes to a better understanding of business practices and their competitive and economic implications, providing guidance to the business sector, the legal community, other enforcement authorities, the judiciary, and governmental decision makers and policymakers at the federal, state, and local levels.

The FTC also promotes competition through advocacy, information, and education. In its advocacy work, the FTC files comments with federal, state, and local government bodies advocating policies that promote the interests of consumers and highlights the role of consumer and empirical research in their decision making. The FTC also files amicus (“friend of the court”) briefs to aid courts’ consideration of competition issues. Educating consumers and businesses about competition law and policy also promotes competition. Informing businesses and their legal advisers about potential antitrust violations deters anticompetitive mergers and anticompetitive business practices and reduces businesses’ cost of compliance. Educating consumers about their rights and their ability to bring violations to the FTC’s attention reduces the cost of identifying anticompetitive conduct. Providing consumers and businesses with information about how antitrust enforcement benefits the common good can also encourage cooperation with FTC investigations and strengthen enforcement actions.

Strategies

- Improve the agency’s understanding of various practices and developments in the marketplace by conducting public hearings, conferences, and workshops that bring together interested parties and conducting economic research on these issues. Utilize the information gathered to inform the agency’s enforcement agenda. Improve the dissemination of material gathered through hearings, conferences, and workshops.
- Target advocacy activities to encourage state and federal government policymakers to evaluate the competitive implications of their existing and proposed policies, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- Increase transparency of the agency’s decision-making by ensuring that the content of complaints, press releases, and analyses to aid public comment explain in sufficient detail and with sufficient clarity the evidence and theory of a case, within the constraints of confidentiality requirements. Expand the use of other public statements to improve the public’s understanding of the FTC’s enforcement policies.

FY 2015 Strategic Objective Progress Update

Progress made

The FTC continued to organize public conferences to advance the agency's understanding of economic developments and emerging business practices and inform antitrust policy through consideration of diverse perspectives. In FY 2015, the agency hosted four public workshops in broad areas of competition policy including health care competition and policy, the "sharing economy," the FTC's 100th anniversary symposium, and its Seventh Annual Microeconomics Conference.

The FTC continued to respond to requests for comment from local, state, and federal entities to provide policymakers with a framework to analyze the potential competitive implications of pending governmental actions that may have a major impact on consumers. In FY 2015, staff filed 15 advocacy comments to federal and state regulators, individual legislators, and other organizations. Staff also submitted amici briefs to the U.S. Court of Appeals for the First Circuit (*American Sales Co. v. Warner-Chiclott Co.*) and the U.S. Court of Appeals for the Third Circuit (*Mylan Pharmaceuticals, Inc. v. Warner-Chilcott PLC*).

The agency also continued to progress in its efforts to advance the public's understanding of its decisions through the publication of analyses to aid public comment, speaking engagements, and the "Competition Matters" blog which covers an array of competition policy and practice issues.

Challenges or barriers

The FTC will continue to identify opportunities to advance the public's and its own understanding of competition issues in a dynamic and increasingly complex marketplace, particularly in the areas of health care, technology, and intellectual property. The agency must continue to use its limited resources to expand its advocacy and outreach efforts despite increased demands from its resource-intensive enforcement efforts. The agency must also expand its use of technology and public interaction to better promote the consumer understanding of the benefits of competition.

Performance Goals

Performance Goal 2.2.1			
Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues. (Output measure)			
<i>This goal encourages the FTC to use non-investigative tools such as workshops, seminars, conferences, and hearings on significant competition-related issues to benefit consumers.</i>			
Fiscal Year	Target	Actual	Target Met/Exceeded
2017	4	---	In FY 2015, the FTC held four competition and economics-related conferences. In February 2015, the agency hosted a two-day workshop on Examining Health Care Competition.
2016	4	---	
2015	4	4	The Sharing Economy workshop was held in June 2015 and examined how these new business platforms may affect competition and consumers and also explored how existing regulatory frameworks can effectively respond to new sharing economy business models while maintaining consumer protections.
2014	4	4	
2013	4	4	
2012	4	3	
2011	4	4	
2010	4	6	The FTC's Microeconomics Conference, held in October 2014, brought together scholars and leaders from universities throughout the world, other government agencies, and other organizations to discuss antitrust, consumer protection, and policy issues which FTC economists encounter in their work. The FTC hosted a symposium in November 2014 in recognition of its 100th anniversary.
2009	4	8	
2008	4	5	
2007	4	7	

Performance Goal 2.2.2

Number of reports and studies the FTC issued on key competition-related topics.
(Output measure)

This goal will track research, reports, and studies that enhance consumer and business knowledge of competition issues.

Fiscal Year	Target	Actual	Target Met/Exceeded*
2017	8	---	<p>In FY 2015, the FTC published reports and working papers on several important topics including: competition in the pet medications industry, the increase in excise taxes on gasoline and diesel fuel in the state of Washington, the accuracy of hospital merger screening methods, a review of the economic analyses in two cases, and a report on agreements filed with the FTC under the Medicare Prescription Drug, Improvement, and Modernization Act. The agency also published an annual report on concentration in the ethanol industry and the Hart-Scott-Rodino Annual Report on the premerger notification program and merger enforcement. The Commission also issued a Statement of Principles describing the underlying anti-trust principles that guide the Commission’s application of its statutory authority to take action against “unfair methods of competition” prohibited by Section 5 but not necessarily by the Sherman or Clayton Acts.</p> <p>*This performance goal was incorrectly counted as “Not Met” in the FY 2015 Agency Financial Report due to a reporting error.</p>
2016	8	---	
2015	8	9	
2014	8	11	
2013	8	14	
2012	8	9	
2011	8	11	
2010	8	9	
2009	8	20	
2008	8	7	
2007	8	18	

Performance Goal 2.2.3

Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)

This goal will evaluate the success of competition advocacies filed by the FTC.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	60.0%	---	Fourteen competition advocacies were resolved successfully, in whole or in part, in FY 2014. They related to taxi-cab and ridesharing regulation, nursing scope of practice, electricity regulation, standard essential patents, and the application of the Foreign Trade Antitrust Improvements Act. FY 2015 data is expected in early calendar year 2016. *Historical data shown for context.
2016	55.0%	---	
2015	55.0%	TBD	
2014	55.0%	93.3%	
2013	55.0%	75.0%	
2012	*	58.8%	
2011	*	87.5%	
2010	*	No data	

Other Indicators

- Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies, or courts. (Output measure)

The indicator is a measure of the outputs of the agency's advocacy activities relating to competition matters.

- » FY 2015: 17 advocacy comments and amicus briefs
- » FY 2014: 16 advocacy comments and amicus briefs
- » FY 2013: 19 advocacy comments and amicus briefs
- » FY 2012: 18 advocacy comments and amicus briefs
- » FY 2011: 16 advocacy comments and amicus briefs
- » FY 2010: 17 advocacy comments and amicus briefs

- Percentage of survey respondents finding the FTC’s advocacy comments to be “useful.” (Outcome measure)

The indicator helps assess the effect of competition advocacy comments based on survey respondents’ feedback.

- » FY 2015: 100.0%
- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: 83.3%
- » FY 2011: 100.0%
- » FY 2010: 100.0%

FY 2016–2017 Next Steps and Future Actions for Strategic Objective

- Organize and/or participate in public conferences, workshops, and hearings to enhance the FTC’s understanding of various practices and developments relevant to competition in the marketplace.
- Encourage business and consumer participation in these conferences, workshops, and hearings, and continue to make related materials, including transcripts, written submissions, reports, and policy papers accessible to the public.
- Seek local, state, and federal government advocacy opportunities to encourage adoption of policies that maximize competition and consumer welfare by consideration of both the costs and benefits for consumers.
- Review amicus opportunities in the federal courts in cases that may affect competition and consumer welfare.
- Generate reports, policy papers, working papers, and other public documents that synthesize the results of FTC research efforts and, where appropriate, make recommendations regarding actions or policies to promote competition.
- Identify opportunities to expand the use of explanatory public statements to further improve the public’s understanding of the FTC’s decision-making process when the agency elects not to take enforcement action in key matters.

OBJECTIVE 2.3: COLLABORATE WITH DOMESTIC AND INTERNATIONAL PARTNERS TO PRESERVE AND PROMOTE COMPETITION.

Goal Leaders: Director, Office of International Affairs; Director, Bureau of Competition; Director, Bureau of Economics

The FTC continues to build cooperative relationships with domestic and foreign antitrust agencies to ensure close collaboration on cases and convergence toward sound competition policies.

On the domestic front, the FTC seeks to collaborate with other agencies and the state attorneys general to obtain the best results and maximize the use of limited resources in the enforcement of the U.S. antitrust laws.

With its foreign partners, the FTC seeks to effectively coordinate reviews of multijurisdictional matters, including by achieving consistent outcomes in cases raising anti-competitive concerns. Participation in multilateral competition organizations provides valuable opportunities to promote international cooperation and convergence and for competition officials to share insights on law enforcement and policy initiatives.

Cooperation with competition agencies of other jurisdictions is a key component to an effective FTC competition enforcement program. With over 130 antitrust enforcers worldwide, it is critical that everyone works together to ensure that the international competition law system functions coherently and effectively. To accomplish this, the FTC builds strong bilateral relations with foreign counterparts and takes a lead role in multilateral fora to promote case enforcement cooperation and convergence toward sound competition policies.

The FTC provides technical assistance to newer competition agencies in foreign countries to help enhance their ability to achieve sound competition outcomes in enforcement and policy-making. This technical assistance helps protect U.S. interests by encouraging systems that apply standards to transactions and conduct affecting the global marketplace that are consistent with U.S. and worldwide best practices. The agency also provides policy advice through substantive consultations and written comments on areas of mutual concern.

- Broaden and deepen our cooperation with foreign competition agencies on anti-trust matters that are subject to concurrent review to improve the effectiveness of investigations and promote consistent outcomes.
- Promote policy convergence toward sound and effective antitrust enforcement internationally by working with a greater number of foreign competition agencies, including bilaterally through substantive consultations, written comments, and

the provision of technical advice, and, multilaterally, by taking leadership roles in multilateral and regional organizations. Provide technical assistance to countries that are establishing competition regimes. Provide selected foreign officials with an opportunity to work alongside FTC attorneys, economists, and investigators to enhance their capacity to develop and implement sound competition policy and enforcement.

- Work more extensively within the U.S. government inter-agency process and with other domestic government entities to support the FTC's efforts to promote market-based competition and policy convergence.

FY 2015 Strategic Objective Progress Update

Progress made

To promote and protect free and vigorous competition, the FTC continues to build and strengthen relationships with competition agencies internationally and to work through multilateral fora and with domestic partners to promote convergence toward sound competition enforcement and policy. Progress made in FY 2015 included the following:

- *International Competition Network (ICN)* - The agency was selected as a Steering Group member for the 2015-2017 term; co-chaired the Agency Effectiveness Working Group, leading its multi-year project on competition agency investigative process that resulted in Guidance on Investigative Process, which is the most comprehensive agency-led effort to date to articulate guidance on investigative principles and practices that promote procedural fairness and effective enforcement; played a key role in developing the ICN's practical guide to international cooperation in mergers; and led the development of the ICN's comprehensive project to produce online training materials as a virtual university on competition law and practice.
- *Multilateral Fora* - The agency continued its active participation and leadership in the Inter-American Competition Alliance, OECD, UNCTAD and APEC, to promote cooperation and convergence. For example, the agency played a key role in developing the OECD Competition Committee's long-term project on international cooperation and the resulting OECD Recommendation on international cooperation in competition cases, and helped to develop a series of roundtable discussions on disruptive innovation and competition.
- *Improving Case Cooperation and Promoting Convergence* - The U.S. entered into a memorandum of understanding on antitrust cooperation with the Korea Fair Trade Commission, and continued its discussion groups with the European Commission addressing substantive and procedural issues that arise in merger investigations and its series of informal workshops with staff from the Canadian Competition Bureau to share merger enforcement techniques and experience.
- *Relations with Newer Agencies* - The agency worked with the Chinese and Indian authorities to cooperate and consult on individual matters and conduct high

level and staff meetings throughout the fiscal year, including hands-on training programs. In particular, the agency addressed challenges posed by enforcement of the Chinese Anti-Monopoly Law (AML) through dialogue with the Chinese AML agencies and government and consultation with U.S. stakeholders and other involved U.S. agencies. This year, the FTC's technical assistance program also conducted competition programs in Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Pakistan, Tanzania, Ukraine, the United Arab Emirates, Vietnam, and Zambia, along with regional programs for Africa, Southeast Asia, and Southeast Europe, using a mix of funding from the FTC, the United States Agency for International Development, the Commerce Department's Commercial Law Development Program, and the host agency. It also consulted with drafters of the Philippines competition laws to bring the drafts into greater harmony with international best practice.

- *Working within the U.S. government* - The agency worked with other U.S. colleagues in intergovernmental fora that address competition issues throughout the fiscal year, e.g., as members of the Trans Pacific Partnership and Trans-Atlantic Trade and Investment Partnership teams.
- *State Government Partners* - BC routinely works with states' Attorneys General in its enforcement efforts. Ten states and the District of Columbia joined as co-plaintiffs in the Commission's successful preliminary injunction challenge of Sysco's proposed acquisition of rival broadline food service distributor US Foods: California, Illinois, Iowa, Maryland, Minnesota, Nebraska, Ohio, Virginia, Pennsylvania, Tennessee, and the District of Columbia.

Challenges or barriers

The FTC's international competition work is a long-term initiative that can be affected by events and broader interactions between the U.S. and other countries outside of its control. For example, political turmoil in Egypt, Pakistan, and the Ukraine has impacted our efforts to build the capacity of the competition authorities in these jurisdictions.

Performance Goals

	<p>Key Performance Goal 2.3.1 Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes. (Output measure)</p> <p><i>This goal tracks the number of cases in which foreign antitrust authorities followed consistent analytical approaches and reached compatible outcomes as a percentage of the total number of cases in which the FTC's cooperation involved at least one substantive contact.</i></p>		
	<p>Fiscal Year</p>	<p>Target</p>	<p>Actual</p>
<p>2017</p>	<p>95.0%</p>	<p>---</p>	
<p>2016</p>	<p>95.0%</p>	<p>---</p>	
<p>2015</p>	<p>95.0%</p>	<p>100.0%</p>	
<p>2014</p>	<p>95.0%</p>	<p>100.0%</p>	
<p>2013</p>	<p>90.0%</p>	<p>100.0%</p>	
<p>2012</p>	<p>90.0%</p>	<p>100.0%</p>	
<p>2011</p>	<p>90.0%</p>	<p>100.0%</p>	
<p>2010</p>	<p>90.0%</p>	<p>100.0%</p>	

Performance Goal 2.3.2

Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or governments, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC. (Output measure)*

This goal tracks policy advice and technical assistance the FTC provides to foreign competition agencies through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, comments, or hosting of international fellows and interns.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	120	---	<p>In FY 2015, the FTC provided policy advice to foreign competition agencies in 109 instances through consultations, written submissions, or comments. The FTC's policy advice remains highly regarded and sought after by new and more experienced competition agencies and by participants in international competition organizations and conferences. Also in FY 2015, the agency conducted 30 technical assistance missions, hosted three officials, and sent two FTC officials to foreign agencies as part of our International Fellows Program, in support of the competition mission.</p> <p>*Previously tracked as two separate performance measures – policy advice provided and technical assistance provided - these two performance measures were combined into a single performance goal starting in FY 2014.</p>
2016	120	---	
2015	120	144	
2014	120	161	
2013	70	134	
2012	70	173	
2011	50	139	
2010	50	136	

FY 2016 – 2017 Next Steps and Future Actions for Strategic Objective

- Support the Bureau of Competition's enforcement by providing effective assistance with the international aspects of its investigations and litigation.
- Maintain the FTC's leadership role in the International Competition Network (ICN), by participating in the Steering Group and in the ICN's work on agency effectiveness - including on investigative process, the online training project, unilateral conduct, mergers, and advocacy.
- Enhance the FTC's participation in other multilateral and regional fora, including the OECD (including helping to develop its work on competition and innovation as well as market studies), UNCTAD, and APEC.
- Advance cooperation and convergence with foreign competition agencies by improving cooperation in merger matters and on anticompetitive conduct policy and enforcement, including developing new tools for cooperation and leadership on multilateral initiatives.

- Strengthen relations with the Chinese and Indian competition agencies through dialogue on policy initiatives, case cooperation, and the provision of technical assistance.
- Work with other U.S. agencies bilaterally and in intergovernmental fora that address competition issues, including with members of the China interagency group and the Trans-Pacific Partnership and Trans-Atlantic Trade and Investment Partnership teams.
- Continue the FTC's robust international competition technical assistance program for newer competition agencies.
- Further develop the International Fellows and staff exchange programs.

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STRATEGIC GOAL 3: ADVANCE ORGANIZATIONAL PERFORMANCE

The FTC believes that advancing organizational performance at all levels creates a strong foundation for overall mission success. The agency's work in Strategic Goal 3 highlights ongoing efforts to advance organizational performance and thereby enhance the agency's ability to focus on protecting consumers and maintaining competition.

Goal 3 is inherently collaborative, and primarily encompasses key management areas in the FTC: human capital, infrastructure and security, information technology resources, finance and acquisition, and equality of opportunity in employment. These efforts foster leadership and accountability across the agency and establish a culture of customer service, constituent responsiveness, and effective planning, administration, and management. Employees at all levels are expected to show leadership in their areas of responsibility by exhibiting a willingness to develop and coach others, a commitment to teamwork, and a drive to find innovative solutions.

Evaluations and Research

- The agency rigorously reviews its management functions.
- The FTC's financial statements are audited annually, which encompasses a thorough overview of the agency's financial position and various transactions throughout the fiscal year.
- The FTC performs on-going reviews of its Assessable Units on a 3-year cycle. The FTC also performs reviews of internal controls for targeted activities and functions. The areas targeted for review are determined by several factors, including risk assessment, management input, prior audits and reviews results, and the external (regulatory) environment. Management evaluates the results from the internal control reviews to determine what processes should be modified to strengthen controls and/or improve efficiency.
- With respect to the information technology and privacy arena, annual Federal Information Security Management Act (FISMA) reviews are conducted, and the agency reviews and acts on any areas that need improvement.
- In the area of human capital, the FTC regularly reviews and acts on the results of the Office of Personnel Management's Annual Federal Employee Viewpoint Survey. OPM periodically examines various areas related to the use of strategic human capital management. Reviews of these areas can include Human Capital Management Evaluations, Delegated Examining Unit Examinations, and Performance Assessments of General Schedule and Senior Executive Service Performance Management Systems. Additionally, the Equal Employment

Opportunity Commission (EEOC) performs technical assistance visits or program reviews.

In addition, the FTC looks to outside groups, such as GAO, and the Office of the Inspector General, for independent reviews of its activities.

OBJECTIVE 3.1: OPTIMIZE RESOURCE MANAGEMENT AND INFRASTRUCTURE.

Goal Leaders: Executive Director, Office of the Executive Director; General Counsel, Office of the General Counsel

The creation, modernization, and maintenance of physical, financial and information resources and infrastructure not only provides for a safe, secure, and efficient workplace but also helps the agency to achieve its mission and respond to, and anticipate, future agency needs.

These efforts span several FTC offices and functions. For example, the agency's Continuity of Operations Plan (COOP) ensures that the agency can respond to, and recover from, an emergency situation effectively. The FTC is also committed to effective and efficient management of information resources, and is transitioning to managing most information resources electronically. For instance, the FTC developed and implemented a web-based system for filings in all FTC administrative litigation proceedings. This transition will enable staff to perform work more efficiently, facilitate public access, and protect sensitive information from inappropriate access.

Ensuring the FTC has an effective and secure information technology infrastructure is essential to meeting the Commission's strategic goals. The Office of the Chief Information Officer delivers value by identifying and providing a host of critical high quality, low-risk information technology (IT) services that are agile enough to meet the agency's business needs.

The FTC believes in the importance of accountability and transparency, as shown through resource stewardship and financial oversight activities. The work in this area covers a wide range of administrative and operational efforts, such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with financial management laws and regulations.

This transparency is also evident in the FTC's work to improve internet access to public agency documents. With respect to public documents newly approved or authorized by the Commission, the FTC will continue to post text-searchable electronic versions on the public FTC website in conjunction with applicable news releases. As resource levels

permit, the agency will also continue to post public documents generated prior to the establishment of the FTC's website in 1996.

Strategies

- Improve the effectiveness and efficiency of financial management operations. Over the next five years, the FTC plans to fully integrate its procurement and core financial systems. This complete financial management system will strengthen the agency's internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.
- Improve agency IT services by building redundancy into the FTC's IT infrastructure to support vital services, creating virtual computing environments to consolidate the management and utilization of IT resources, and investing in new technologies to further support the FTC's mission.
- Transition to electronic information resource management by: (1) Developing an agency-wide information governance policy that provides enterprise-level standards for file structures for organizing information, mandatory and optional metadata (searchable information about the document), document naming conventions, access restrictions, and retention rules and triggers; and (2) Implementing an Enterprise Content Management System (ECMS) that staff will use to draft, collaborate on, and finalize work, including consumer protection and competition case filings. The ECMS will enable us to maintain agency records in a secure electronic format for the required retention period and to transfer permanent agency records to the National Archives and Records Administration (NARA).
- Reduction of the agency's energy consumption and promotion of recycling of materials and equipment. Improvements that yield the greatest benefit relative to cost will be incorporated into the development of a new performance indicator.

FY 2015 Strategic Objective Progress Update

Progress made

- The FTC completed a review of essential functions as part of the required annual review of the COOP Plan that highlighted a new mission essential function. The Federal Emergency Management Agency (FEMA) verified the effectiveness of the COOP Plan and the FTC Emergency Preparedness program at the annual Eagle Horizon exercise in April 2015.
- The Administrative Services Office (ASO) is adding additional work spaces and better security controls working with General Services Administration (GSA) staff in New York and Cleveland to improve the usage of leased space and to better more effectively serve our Regional Office Staff.
- As part of the agency's transition to electronic recordkeeping, the Records and Filings Office (RFO) developed additional guidance for staff on managing electronic files, and deployed a universal search function in the FTC's Electronic

Document Management System (Documentum) that allows staff to search the two major repositories in the system at the same time. RFO, working with the Bureaus and Offices, also enhanced the E-Filing system for FTC administrative litigation to include non-public filings, electronic service of public filings and an electronic docket. In addition, nearly all public comments in FTC rulemakings and other proceedings that seek public comment are now filed online instead of in paper format.

- The OCIO continued the deployment of an Alternate Data Center (ADC) facility to provide alternate data processing and redundancy in the event of an outage in the FTC's Headquarters data center. The OCIO is also working to replace and upgrade aging infrastructure components and software applications reaching the end of their lifecycle. OCIO began the upgrade of software and operating systems, the replacement of the legacy Solaris Unix operating system, and the decommission or migration of applications built on unsupported platforms.
- FTC launched a new travel management system (E2) in accordance with GSA's electronic travel system initiative (ETS2). E2 provides electronic end-to-end travel services, from bookings to travel vouchers. FTC also began planning the Contract Lifecycle Management (CLM) module implementation. CLM integrates acquisition information with the agency's financial system and is scheduled to go live in FY 2016.
- The Financial Management Office established the framework and governance for the agency's new Enterprise Risk Management program, which will allow agency leadership to consider risk more systematically across major program areas. FMO also issued new strategic planning and capitalization of assets policies to improve transparency, efficiency, and effectiveness.

Challenges or barriers

- The OCIO has faced challenges in the implementation of a smartphone mobile device platform. The challenges stem from configuration and integration issues with the agency's legacy email and identity management platforms. OCIO has increased resources dedicated to the project to evaluate and analyze the environment and implement necessary configuration changes.
- FMO's requirements for CLM may not be fully met in a shared service environment. Specifically, when some templates are shared across multiple clients, individual agency needs cannot always be accommodated.
- FTC will need to develop and implement business process changes to effectively utilize the added capabilities provided by an ECMS and other systems for managing information in electronic format.

Performance Goals

These performance goals gauge important dimensions of maintaining physical and information technology infrastructure and security.

Performance Goal 3.1.1		
A favorable Continuity of Operations (COOP) rating. (Output measure)		
<i>A COOP rating offers insight into agency preparedness across a wide spectrum of issues related to facility and operations management.</i>		
Fiscal Year	Target	Actual
2017	75.0%	---
2016	75.0%	---
2015	75.0%	90.0%
2014	75.0%	85.0%
2013	75.0%	85.0%
2012	75.0%	90.0%
2011	75.0%	75.0%
2010	75.0%	85.0%

Target Met/Exceeded
 The FTC's overall score for the Eagle Horizon 2015 COOP exercise represents a strong continued and sustained commitment to the FTC Emergency Preparedness Program. The exercise provided an opportunity to test and evaluate continuity procedures and ensure that effective plans are in place in the event of a major event that disrupts the essential functions of the FTC.

Performance Goal 3.1.2

Availability of information technology systems. (Outcome measure)*

This goal addresses the availability of 10 mission-critical IT systems, such as email, telecommunications, Internet access, and mobile devices. Network availability addresses the reliability of the FTC computer and communications systems.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	99.50%	---	<p>The FTC’s information technology services pool averaged 99.82% availability, exceeding the target of 99.50%. While the target was exceeded, there was a decrease in uptime from FY 2014 to FY 2015. The decrease was caused by the addition of the FTC’s eDiscovery support system and litigation support environment to the outage statistics. The OCIO has been working to stabilize both systems to improve uptime. This work includes increasing performance monitoring and streamlining the testing and deployment of upgrades and security patches to improve user experience and performance.</p> <p>*Note: Results for this performance measure are presented to two decimals because rounding the number materially changes the result.</p>
2016	99.50%	---	
2015	99.50%	99.82%	
2014	99.50%	99.98%	
2013	99.50%	100.00%	
2012	99.00%	99.86%	
2011	98.50%	99.82%	
2010	98.00%	99.77%	

Performance Goal 3.1.3

Achieved a favorable (unmodified) audit opinion from the agency’s independent financial statement auditors. (Outcome measure)

The financial statement audit determines whether our financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit also addresses internal controls and compliance with applicable laws and regulations.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	<i>Unmodified opinion on the financial statements</i>	--	<p>The agency received a “clean” (unmodified) opinion on its financial statements. The opinion is determined by the independent auditor’s review and test of internal controls over operations and financial reporting and the auditor’s determination that the financial statements and notes are presented fairly.</p>
2016	<i>Unmodified opinion on the financial statements</i>	--	
2015	Unmodified opinion on the financial statements	Unmodified opinion	
2014	Unmodified opinion on the financial statements	Unmodified opinion	
2013	Unqualified opinion on the financial statements	Unqualified opinion	
2012	Unqualified opinion on the financial statements	Unqualified opinion	
2011	Unqualified opinion on the financial statements	Unqualified opinion	
2010	Unqualified opinion on the financial statements	Unqualified opinion	

Performance Goal 3.1.4

Average number of days for the FTC to release information in response to a simple FOIA request. (Efficiency measure)

This goal tracks the agency’s response time in processing a simple FOIA request for access to public records.

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	6.0 days	---	In FY 2015, the FTC continued to process noncomplex Freedom of Information Act (FOIA) requests in less than six days. This fiscal year, the FTC received and processed more than 100 additional FOIA requests. Despite an increase in the number of FOIA requests received, the FTC exceeded its goal by processing noncomplex requests within an average of 5.5 days. For the fourth consecutive year, the FTC received the highest rating for its FOIA program in the Department of Justice’s (DOJ) 2015 Summary of Agency Chief FOIA Officer Reports Assessment of Federal Departments and Agencies. The report contained an overall assessment of the FTC’s performance in processing FOIA requests and the steps taken to ensure the agency maintains an efficient and effective system in place for responding to requests.
2016	6.0 days	---	
2015	6.0 days	5.5 days	
2014	6.0 days	5.4 days	
2013	*	7.4 days	
2012	*	5.3 days	
2011	*	1.5 days	
2010	*	8.1 days	

*New performance goal in FY 2014. Historical data shown for context.

Other Indicators

- Performance against the Small Business Administration’s government-wide small business procurement goals. (Outcome measure)

Achieving the agency’s small business procurement goal demonstrates that its procurements meet or exceed a major federal acquisition standard.

- » FY 2015: 42.3%
- » FY 2014: 45.9%
- » FY 2013: 49.5%
- » FY 2012: 57.7%
- » FY 2011: 46.3%
- » FY 2010: 58.9%

- The [2014 Strategic Sustainability Performance Plan](#) describes FTC progress in several sustainability areas. FTC is also looking at developing a sustainability indicator for inclusion in the Annual Performance Plan.

FY 2016–2017 Next Steps and Future Actions for Strategic Objective

- Revise COOP Plan to include more information on activation and operational procedures. Compare FTC mission essential functions with similar federal agencies to verify procedures and effectiveness during COOP Plan activation.
- Continue to work with staff at all office locations to better understand their needs and be prepared to offer the services they require to support the agency mission.
- Research alternatives such as telework participation, job sharing, hoteling, and locating contractor staff off-site.
- Identify and implement business process improvements through effective use of technology to facilitate the agency's decision making processes and its management of cases.
- Promote the use of web-based e-filing of public comments in the FTC rulemakings and other proceedings that seek public comments, to facilitate public participation and web posting of comments.
- Promote the use of web-based e-filing in the FTC administrative litigation proceedings under Part 3 of the Rules of Practice, to facilitate filing by participants in those proceedings and web posting of public filings.
- Provide information and records management training and outreach to staff, with special emphasis on managing information electronically throughout its lifecycle.
- Implement an integrated financial management and procurement system. This integrated system will create efficiencies between the agency's finance, budget, and accounting groups, as well as provide data reporting capabilities not currently available. Integration will streamline the agency's financial and procurement management activities by greatly reducing time spent performing manual tracking.
- Document improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.
- Complete the development of the internal control organization framework and fully implement the governing bodies.
- Begin implementation of ERM in accordance with agency policy.
- Continue to develop an agency-wide information governance policy to support efficient management of electronic information with appropriate access restrictions.
- Continue work to implement an ECMS that will enable the FTC to maintain and transfer records to NARA in a secure electronic format.
- Modernize the FTC's Headquarters network capacity and capability by replacing aging network components and hardware, with particular attention to its reliability to support multimedia services, Internet capacity, and wireless connectivity.

- Perform a business impact assessment (BIA) to support the FTC in determining its systems recovery priorities and to gauge the relative impact of unplanned disruptions to the organization's operations.
- Upgrade hardware, operating systems, and software that serve as the foundation of the FTC application infrastructure, including replacement of aging Windows and Unix servers in the Production and Litigation Support environments and lifecycle upgrades of the FTC's Oracle, Unix, and Windows software and operating systems.
- Increase security for FTC's externally hosted websites, including FTC.gov, to provide higher availability and decrease the likelihood of distributed-denial-of-service (DDoS) attacks and other malicious traffic.

**OBJECTIVE 3.2: CULTIVATE A HIGH-PERFORMING, DIVERSE,
AND ENGAGED WORKFORCE.**

Goal Leaders: Executive Director, Office of the Executive Director; Director, Bureau of Consumer Protection; Director, Bureau of Competition; Director, Bureau of Economics; General Counsel, Office of General Counsel

This objective encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction. The FTC uses an integrated approach to link human capital programs and policies to agency mission, goals, and strategies and to provide continuous improvement in efficiency and effectiveness. The objective captures the FTC's work and ensures the presence of the right talent in the right positions at the right time to meet the challenges of the 21st century. It also captures efforts to tap into the rich resources of the global community and ensure fairness in the workplace. By attracting, developing, motivating, and retaining a high-performing, diverse, inclusive, and engaged workforce, the FTC advances organizational performance. By having a workforce that looks like and draws from the consumers it protects, the FTC strengthens its ability to meet its mission.

The FTC uses the Federal Employee Viewpoint Survey administered by OPM to measure success in this objective. The survey focuses on employees' perceptions of critical areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission.

In addition, the FTC uses [Management Directive 715 \(MD-715\)](#), which is submitted by the agency to the U.S. Equal Employment Opportunity Commission on an annual basis. MD-715 is a tool for agencies to use to ensure that all workers are competing on a fair and level playing field and have the opportunity to achieve their fullest potential.

Strategies

- One of the key strategies to achieving this objective entails using integrated workforce planning to identify and fulfill current and future human capital needs to carry out the agency's mission and implementing programs and processes to enable us to recruit, develop, and retain a highly qualified and diverse workforce.
- The FTC strives to create an agency-wide performance culture that focuses on individual and organizational accountability toward achieving the FTC's programmatic goals and priorities. The agency also seeks to achieve this objective by providing quality training and outreach to staff.

FY 2015 Strategic Objective Progress Update

Progress made

- Expanded human resources recruitment flexibilities to include new and improved hiring methods and practices.
 - » Established a partnership with the Office of Personnel Management (OPM)/ Cybercorps, Scholarship for Service program that is designed to increase and strengthen the cadre of federal information assurance professionals that protect the government's critical information infrastructure. In conjunction with this program, developed FTC's very first "Virtual Hiring Booth" in order to participate in virtual career fairs for students participating in the program.
 - » Connected with the University of Maryland to utilize its Federal Semester Program. This program prepares talented, diverse undergraduate students to excel in professional internships and pursue careers in the public sector at no cost to the agency. Currently working with Offices and Bureaus to place 2016 interns at no cost to the agency.
 - » Conducted FTC's first direct hire recruitment effort for IT information security positions.
 - » Expanded FTC's Pathways Program to include the recent graduates and presidential management fellows components along with FTC Interns for critical entry level positions.
- Established transparency in Leadership Development by providing comprehensive employee programs and training.
 - » The FTC Leadership Development Framework was rolled out to all FTC staff. This tool is available 24 hours a day, seven days a week and at no additional cost. The tool includes e-Train courses and books that are mapped to competencies associated with each level of leadership (managing self to executive). Seven briefings were held on the Leadership Framework initiative for agency leadership and staff in July and August. In Q4, FY15, ten FTC employees completed forty-one online courses from the Leadership Framework.

- » Facilitated announcement and coordination of Spring and Fall Leadership Development Program. Eight employees were selected to participate in the program.
- » Provided information and outreach regarding FTC's Learning Management system as a best practice to members of the State Department and the Commodity Futures Trading Commission.
- Results of OPM's 2015 Federal Employee Viewpoint Survey (FEVS) for FTC continue to show improvement in major survey categories. Compared to 37 other federal agencies with over 1,000 employees, the FTC ranked first place in the FEVS Engagement Index trending upwards in this area since 2012. FTC is also trending upwards in the New Inclusion Quotient (New IQ) Index and is now ranked second in employee inclusion and empowerment. In the areas of *Results-Oriented Performance Culture, Leadership and Knowledge Management, Talent Management, and Job Satisfaction*, FTC's percent positive is, on average, 13% higher than 2015 government-wide results.

Challenges or barriers

FTC continued to face challenges in the areas of recruitment and retention for mission support positions. The agency addressed these issues by providing succession planning consultation and advice in areas of staffing and recruitment ensuring that offices and hiring officials are aware (as stated previously) of the hiring flexibilities afforded to them through programs offered here at the agency and through the Office of Personnel Management. FTC continues to strive to provide a high level of service in the area of talent management and position management.

Performance Goals

The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human capital management to the successful accomplishment of its mission. The FTC seeks employee feedback on the extent the FTC has the right talent in the right positions at the right time to carry out the mission and the extent the FTC makes employees feel they belong and are uniquely valued. The "Best Places to Work in the Federal Government" performance goal is a tool for ensuring that employee satisfaction is a top priority for managers and leaders. The FTC is not only measured on overall employee satisfaction, as tracked by the other two performance goals, but is scored in 10 workplace categories, such as effective leadership, employee skills/mission match, pay, teamwork and work/life balance.

Performance Goal 3.2.1

FTC achieves a high ranking in the “Best Places to Work in the Federal Government.”
(Outcome measure)

Fiscal Year	Target	Actual	Target Met/Exceeded Compared to 23 other departments and agencies with 1,000 to 14,999 permanent employees, the FTC ranked 4th. *New performance goal in FY 2014. Historical data shown for context.
2017	<i>Within the top 10 of mid-size agencies</i>	---	
2016	<i>Within the top 10 of mid-size agencies</i>	---	
2015	Within the top 10 of mid-size agencies	Ranked 4th	
2014	Within the top 10 of mid-size agencies	Ranked 4th	
2013	*	Ranked 4th	
2012	*	Ranked 5th	



Key Performance Goal 3.2.2

The extent employees believe the FTC has the talent necessary to achieve organizational goals. (Outcome measure)

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	---	<p>Target Met/Exceeded The government-wide results for the Talent Management Index were 57.0% and the FTC received results of 72.0%.</p>
2016	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	---	
2015	57.0%	72.0%	
2014	55.0%	70.0%	
2013	56.0%	69.0%	
2012	59.0%	70.0%	
2011	60.0%	70.0%	
2010	60.0%	72.0%	

Performance Goal 3.2.3

The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive. (Outcome measure)

Fiscal Year	Target	Actual	Target Met/Exceeded
2017	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index</i>	---	<p>The government-wide results for the New IQ Index were 57.0% and the FTC received results of 70.0%.</p> <p>Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC ranked second in the New IQ Index.</p>
2016	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index.</i>	---	
2015	57.0%	70.0%	
2014	56.0%	68.0%	

FY 2016 – 2017 Next Steps and Future Actions for Strategic Objective

- Promote and expand the use of human resources flexibilities throughout the FTC.
- Continue to reach out to managers, supervisors, and employees on human resources issues, through classroom sessions, brown bag sessions, webinars, notices to employees, and the agency’s newsletter (FTC Daily).
- Identify and implement business process improvements through effective use of technology to facilitate the FTC’s human resources.
- Identify and provide diversity and inclusion training to employees.

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OTHER INFORMATION

Major Management Priorities and Challenges

FTC's management priorities are incorporated into Goal 3, Advance Organizational Performance. Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce, focuses broadly on ensuring we have the right talent in the right positions at the right time, which requires human capital development goals. A key priority is to be one of the best places to work in the federal government. Each year, the Commission partners with the Partnership for Public Service in a leadership development program. The program recognizes, as we do, the need to identify a cadre of high-performing individuals and develop their skills as our future supervisors, managers, and leaders. The program serves as an important succession planning tool to fulfill the FTC's future mission requirements – and provides an exceptional professional development opportunity for employees.

The agency also recently implemented a Leadership Framework that can assist employees at the different levels of leadership (managing self, team lead, supervisor, manager, and executive) develop the competencies needed for each level. The courses and books associated with those competencies are available on the agency's Learning Management System, at no cost, for all employees to utilize. This tool was developed in an effort to assist employees to develop and strengthen their leadership skills and help the agency cultivate its current and future leaders.

As another example of this management priority, the FTC's Bureau of Consumer Protection (BCP) and Bureau of Competition (BC) have focused attention on the continuous development of their employees through their mentoring programs. For at least the past six years, BCP and BC have run successful formal mentoring programs open to all BCP, BC, and regional office employees. The programs create an environment in which unique skills and perspectives that each staff member brings are recognized and valued; diversity is fostered; and excellence, innovation and risk-taking are promoted. The Mentoring Programs provide significant opportunities to build and share organizational knowledge and expertise by capitalizing on the experiences of successful individuals who are committed to the development of a high performance work force. The Bureaus continuously evaluate their mentoring programs to ensure a meaningful experience for each participant. Recently, the Office of the Executive Director began a similarly focused formal mentoring program that has received very positive feedback from participants. BC and BCP also have in-house training programs that, like the mentoring programs, leverage the talent and experience of the agency's existing human capital to

identify appropriate programs and develop content. The agency plans to continue these efforts in FYs 2016 and 2017.

The FTC and the Office of Inspector General (OIG) work collaboratively on addressing key management challenges. The following challenges are based on work conducted by the OIG and discussions with senior leaders at the FTC. Along with a summary of these management challenges are brief assessments of the agency's progress in addressing these challenges.

Management Challenge: Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise

Protecting information assets is an ongoing and complex challenge for the FTC. The challenge is exacerbated by the increasing volume and scope of information provided to the FTC on both a voluntary and compulsory basis. The FTC cannot effectively complete its missions if it loses the confidence of industry and the public that it can protect the trade secrets and other sensitive non-public information entrusted to its care.

The FTC Office of Inspector General assists by assessing FTC information control procedures including conducting the annual FISMA effectiveness assessment of FTC information security and privacy programs. These assessments provide FTC management with an independent, high-level determination of the FTC's ability to protect its information assets; the capability of the FTC to securely and cost effectively acquire, implement, and manage modern technologies; and maintain the skilled workforce necessary to securely use technology to complete their responsibilities. In the FISMA assessments, the OIG determined that the FTC has robust privacy and information security programs that are in substantial compliance with FISMA and legislative requirements, government-wide policy, and technical guidance. The FTC can adequately protect its information assets and has done so while addressing organizational and technological changes, including modernization of the FTC infrastructure.

However, the OIG FY 2014 FISMA evaluation underscores the need for the FTC to maintain information privacy and security programs that are continuously evolving and maturing. Recognizing the critical need for flexible, robust, and monitored information security control environments, the Office of Management and Budget (OMB) and the National Institute of Standards and Technology (NIST) revised federal security guidance to allow Departments and Agencies (D/A) to tailor information protection solutions to their organizational needs and missions. While the OMB and NIST guidance now allows D/A greater flexibility, this flexibility comes with a price: D/A managers must establish and maintain clear practices for planning, acquiring, implementing, maintaining, monitoring, and protecting their information technology assets, including hardware, software, and information.

In its FY 2014 FISMA report, the OIG identified the need for improvement in FTC planning and management of its information technologies. As a primary area for improve-

ment, the OIG's FY 2014 FISMA evaluation highlights current deficiencies in FTC risk assessment and management. These techniques are used to identify vulnerabilities and develop the safeguards and countermeasures the FTC needs to deploy to avoid or minimize risk to its systems, operations, and data. Weak Information Technology (IT) planning and management can result in inaccurate or delayed risk assessments and risk management, which ultimately results in increased potential for loss and mission failure. The evaluation questions if the FTC is equipped to perform risk management that keeps pace with the rate of technological change. The findings focus on enterprise-level issues, recommending that the FTC's Information Technology governance procedures develop into more mature enterprise risk management capabilities, including a clear focus on management of information risk associated with its investments. Developing more mature information processes will ensure that FTC security and privacy programs continue to provide high levels of protection for FTC information assets, but with less workforce stress, greater operational consistency, and improved security.

Agency Progress in Addressing the Challenge

The Office of the Chief Information Officer (OCIO) is working on a number of information technology initiatives that will protect the agency's networks, systems, and data from compromise and loss.

In compliance with FISMA, the OCIO implemented the Cyber Security Assessment and Management (CSAM) tool managed by Department of Justice. CSAM provides OCIO with a mechanism for managing FISMA compliance by: 1) providing centralized and up-to-date information, checklists, analysis, and tracking capabilities; 2) ensuring efficient and effective management of vital resources and data; 3) ensuring best practices and that resources are accessible to assess and manage risks and vulnerabilities across the organization; and 4) supporting Certification and Accreditation (C&A) of FTC's network and mission systems. The CSAM tool allows the OCIO to more readily access information about its systems that will in turn allow for better planning and FISMA compliance across the enterprise. It will also afford the OCIO better visibility into the status of critical security artifacts and documents.

To further improve the agency's risk management posture and ensure FTC systems are secure and protected from external threats, the OCIO, in conjunction with the Chief Privacy Officer (CPO) staff, is working to improve the agency's Information Security Continuous Monitoring (ISCM) program through implementation of a vulnerability risk management (VRM) process. The objective of this initiative is to increase awareness and improve management of internal security risks by formalizing a more streamlined process through which risk can be identified, evaluated, documented, remediated, and easily understood by critical actors throughout the agency. Once fully implemented, this standardized approach to risk management will give all agency senior officials an immediate understanding of the risk posture of the agency. The outputs of the VRM process will be used to fine-tune the agency's Continuous Diagnostics and Mitigation (CDM) process.

Also in FY 2015, the OCIO staff, working in tandem with the Department of Homeland Security (DHS) and in coordination with representatives from throughout the agency, determined which agency systems require increased redundancy and resiliency. Based on this work, a draft business impact assessment has been submitted for management review. As part of this assessment, the OCIO will ensure that any disaster recovery or redundancy solution is secure and protected against attacks and malicious activities, especially those systems that process or store personally identifiable information (PII) or other sensitive data.

To further improve the agency's ability to manage enterprise risk, the OCIO collaborated with the IT Business Council and the IT Governance Board to update the agency's IT governance program, incorporating risk management into the IT investment approval process. The OCIO updated the business case template for proposed IT investments to include a risk analysis and risk mitigation plan. Specifically, proponents of various IT investments are required to detail risks in areas such as cost, schedule, and business impact and provide a mitigation strategy for each risk. They are also required to identify the specific risks associated with privacy and security implicated by the proposed investment, including whether the proposed software or hardware will house PII or poses the potential for a loss of data. The OCIO also updated the IT governance program charter to require IT investment business cases and Board review for investments deemed "high-risk" or "high-impact to business operations," regardless of the cost of the investment.

Other recent OCIO initiatives address security challenges by increasing the security of networks and systems FTC staff use daily to prevent data loss and unauthorized access to sensitive information. For example, the OCIO improved its secondary storage environment to provide additional security for offsite backup storage and reduce the risk of data loss. As part of this initiative, the OCIO transitioned all backup data to a secondary, backup disk storage network, located at the Commission's auxiliary data center. This new backup storage system is less susceptible to failure and provides the Commission with a more secure and more reliable form of backup data storage.

The OCIO is currently working with the Bureau of Economics to implement more robust data monitoring and logging in the Secure Investigative Lab (SIL) environment. The SIL houses some of the Commission's most sensitive data, including PII and Sensitive Health Information (SHI) used in economic analysis in support of investigations and litigation. To detect and reduce the risk of data exfiltration and loss, the OCIO developed a comprehensive logging, auditing, and notification process, which monitors the modification and movement of any data. This process provides the Bureau of Economics and the OCIO with an audit trail for the loss of sensitive data or unauthorized access or modification to PII and SHI.

As part of its enterprise risk management efforts, the OCIO actively evaluates the inventory of IT software and hardware to determine which products are high-risk for the agency. This includes working to replace and upgrade aging infrastructure

components and software to decrease the overall number of vulnerabilities in the environment and risk of failure. In FY 2015, OCIO began multiple projects to replace unsupported products, such as the replacement of the network infrastructure at the Commission's Headquarters building, the upgrade of software and operating systems, such as Microsoft SQL Server and BMC Remedy IT Service Management, and the decommission or migration of applications built on unsupported platforms, such as Microsoft Windows Server 2003. Additionally, the OCIO replaced the agency's mobile device management (MDM) software with a new platform that provides continuous monitoring and FISMA 2.0 compliance enforcement, restricts access to authorized agency employees, and enhances security controls for the Commission's mobile devices. Additionally, the new MDM decreases the threat of compromise or data exfiltration by preventing the installation of unauthorized applications.

In addition to securing individual systems, the OCIO is working to improve the Commission's overall IT security posture enterprise-wide. The OCIO continues to use tools and techniques to monitor events, detect attacks, and provide identification of unauthorized use of the system. These tools and techniques include, but are not limited to, intrusion detection systems, intrusion prevention systems, malicious code protection software, audit record monitoring software, and network monitoring software. The OCIO actively monitors all inbound and outbound communications that occur over networks external to the FTC, including publicly available systems, for unusual or unauthorized activities or conditions (e.g., the presence of malicious code, the unauthorized export of data, or signaling).

The OCIO monitors information systems daily and audits monthly for unauthorized remote connections, and takes the appropriate action if they discover an unauthorized connection. The OCIO uses cryptography to protect the confidentiality and integrity of remote access sessions and routes all remote access through a limited number of managed access control points and protects wireless access via authentication and encryption.

Finally, to continue to improve overall IT security, the OCIO has engaged with the DHS to implement its government-wide Continuous Monitoring Dashboard. The OCIO is also working with the DHS to implement the EINSTEIN 3 (E3A) Program. EINSTEIN 3 is an advanced intrusion prevention system that detects malicious traffic targeting the FTC's networks and prevents that malicious traffic from harming FTC networks. The system provides greater analytical tools and historical data to allow agencies to better analyze trends in vulnerabilities and attacks. Additionally, the system provides enhanced real-time alerts to allow the agency to respond to an event faster and more effectively.

Management Challenge: Maturing the Agency's Information Technology Governance Process

As evidenced by the number of reports issued by GAO, OMB, and agency Inspectors General, effective governance of IT investments is a weakness throughout the federal government. The weaknesses are typically in planning and monitoring IT investments as they move from conception through development to operations and maintenance. The weaknesses result in systems/projects that are not delivered when required, often exceed cost projections, and fail to deliver specified reliability, performance, and security. Systems that perform as required, are reliable, and protect information assets are critical to the FTC.

The FTC has a number of responsibilities related to protecting consumers, including advocating for protection of consumer information and consumer privacy. For example, filing with the FTC is a legal requirement for most mergers and acquisitions, and the agency hosts a national repository of consumer complaints. The scope and impact of FTC activities leaves the general public with an outsized perception of the size of Commission. The FTC is dependent on the reliability and integrity of its information systems to complete its missions and protect its information assets.

Consequently, the FTC is dependent on the quality of its investment analysis and IT governance practices to ensure that its workforce has the information management and analysis capabilities it needs.

At the end of FY 2011, the FTC chartered IT governance boards to improve the planning, monitoring, and risk mitigation associated with its information systems. In FY 2012, the agency adopted its new governance structure and improvements commenced. While the governance structure was an improvement, its focus was on the management of the investment and not on management of risk associated with those investments. For example, an investment of less than \$500,000 would not be subject to governance board procedure, regardless of the potential loss that the FTC might experience should there be a security breach.

As part of the agency's annual FISMA evaluations, the OIG reviews governance board activities to assess progress toward a mature planning and oversight structure. Our assessments showed that the FTC is continually improving its governance practices. For example, investment risk was elevated as a criterion for determining whether an investment/project is subject to governance board review and oversight. Under current procedures, an investment/project with a high risk of an adverse impact from a security breach is subject to governance board oversight, regardless of cost. Further, the agency now identifies reputational risk as a critical potential impact from system failure.

In our FY 2013 and FY 2014 FISMA reports, the OIG issued recommendations for improving and maturing the FTC governance processes. The FTC and OCIO are addressing all OIG recommendations. The OCIO requires all bureaus and offices to submit business cases for new or significant changes to IT investments for development, mod-

ernization, or enhancement whose lifetime cost exceeds a certain threshold, as well as high-impact and high-risk investments. However, documentation still does not consistently capture the rationale behind a decision, anticipated completion impediments and risks, and risk mitigation strategies. Significantly, FTC risk management still focuses on individual investments and not the enterprise analysis contained in NIST guidance; and OMB and the Department of Homeland Security now require an assessment of the maturity of continuous monitoring practices in accordance with the maturity model promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

In FY 2016, the OIG will complete an assessment of the FTC IT governance structure to determine whether practices have sufficiently matured to effectively address investment and risk management challenges; challenges resulting from a need to provide the FTC workforce with new technologies and techniques that improve their ability to complete their missions while containing costs and protecting FTC information assets; and whether FTC continuous monitoring practices are addressing the CIGIE maturity model.

Agency Progress in Addressing the Challenge

The OCIO, in conjunction with agency leadership, made steps toward maturing the agency's IT governance process during fiscal year 2015. The OCIO collaborated with the chair of the Technology Council (now the IT Business Council) to develop an updated governance program charter. In the updated charter, the roles and responsibilities of the governing bodies – the IT Council, IT Business Council, and IT Governance Board – were better defined. The criteria for IT investments included in the new charter now require all investments considered “high-risk” and “high-impact” to be reviewed and approved via the IT governance program, regardless of investment amount. The business case analysis template was updated, as well, to better address risk, security, and privacy concerns. The investment business case must now include potential risks and mitigation, security considerations, and whether the investment will involve personally identifiable information (PII) or other sensitive data. Additionally, business cases must receive written concurrence from the CPO and the Chief Information Security Officer (CISO). Once the charter and business case analysis templates were finalized, the new process was used to develop, review, analyze, and approve 16 business cases for IT investments, including investments in business system enhancements, a new acquisition management system, and replacing end-of-life network and server components.

After the FY 2015 investment cycle was completed, the governance program focused on the execution and control of approved investments. A new process was implemented to regularly review the status of current investments at all levels of the governance program. Part of this process included the implementation of Tech Stat briefings to both the Business Council and the Governance Board on large-scale, mission critical IT projects, such as the eDiscovery Support System and the rebuild of SAFE. Through the Tech Stat process, the governing bodies are able to have visibility into variances in cost and schedule, technical challenges, and project risk.

The OCIO continues to make improvements to the governance process in preparation for FY 2016. The OCIO worked with all organizations across the FTC to build a portfolio of potential investments for FY 2016 and issued guidance to the organizations on which investments would require a business case and how to build the business case. In the future, OCIO will continue to review the IT governance process and recommend changes to better align the process with the budget cycle, integrate privacy and security, and provide increased control and oversight over investments regardless of cost, as well as operational spending and enterprise-wide portfolio analysis. The OCIO is also working with the governance members to build a repeatable and quantitative process for prioritizing and approving investments. This process would assist the governing bodies in determining the relative priority of an investment based on alignment with the FTC's strategic plan, investment criticality, and risk.

Management Challenge: Improving Contract Management

During FY 2014, the FTC obligated \$104.9 million – about one-third of its operating budget – on contracts for goods and services. Contractors assist with the deployment, operation, and maintenance of consumer databases and provide webhosting services. The FTC also has contracts for legal research tools and with software providers. In FY 2014, the highest dollar value contracts were for network infrastructure support (\$3.8 million), expert witness services (\$2.4 million), and telecommunication services (\$2.2 million).

The FTC faces challenges with aspects of its contract management system, particularly with the Acquisition Branch's guidance and oversight, execution of sound contracting techniques and approaches, and the agency's current procurement application. OIG reviews also show that the FTC faces challenges in retaining and managing a fully competent agency cadre of Contracting Officers (COs) and Contracting Officer's Representatives (CORs). Some CORs lack general knowledge of the procurement process and are unaware of the most appropriate contract vehicle. CORs also have difficulty gathering and drafting requirements for contract solicitations, including proper performance metrics that measure progress toward satisfaction of contract objectives, and addressing poor contractor performance. Consequentially, the FTC risks poor contractor performance; losing money on unnecessary or poorly written contracts; and costly contract modifications and other adverse consequences from contracts that are not adequately written and deficient products and services delivered.

Significant turnover in the staff responsible for administering, supporting, and overseeing the agency's acquisition program has disrupted the contract management process. For example, in FY 2015, two veteran COs departed; and the FTC hired a new Chief Acquisition Officer, four new COs, and a new vendor to provide contract management support. While staffing changes can introduce opportunities for improvements in process and program re-design, the staff "churn" experienced at the FTC poses operational risks due to lack of program continuity and consistency. This risk is particularly evident for CORs, who collaborate with COs during the requisition, contract award, and

contract administration processes. Different COs may have different interpretations of the Federal Acquisition Regulations (FAR) and the COR role in monitoring contract performance. The absence of clear and timely communication of procedures, practices, and roles can result in inconsistent and ineffective contract management. Further complicating the contract management challenge is that the contract administration support application is not integrated with FTC's financial system and does not provide contract funding or status visibility to the COR or CO. Without such capabilities, FTC contract administration staff must manually track significant contract events such as period of performance warning and end dates, and funding status and "burn rates."

To address this challenge, in FY 2016, the FTC will begin a multi-year process to fully integrate its procurement and financial systems. The new system is intended to integrate the FTC's acquisition and financial systems to provide improved data transparency and help the agency realize its Strategic Plan Objective 3.1, to "optimize resource management and infrastructure." Successfully updating agency processes, policies and guidance for the new system and training staff in effective use of the expanded capabilities will be an ongoing challenge.

Agency Progress in Addressing the Challenge

While the FTC has had significant turnover in contracting staff and support in FY 2015, FMO has been working diligently to improve the agency's procurement program. Under its new leadership, FMO's Acquisitions Branch is rebuilding and specifically directing its efforts to delivering clear and consistent guidance and advice and more robust customer support through: 1) improved COR education; 2) improved management controls in, and the restructuring of, the Acquisitions Branch; 3) revised policy and procedures; and 4) implementation of an electronic contract life cycle support system.

For example, COR education is a priority for both FMO management and the Chief Acquisitions Officer (CAO). FMO hosted required COR training in July 2015 and will provide quarterly training going forward. Training topics will address current COR needs and be directed towards maturing the FTC COR community's knowledge base. Easy to access COR resources are being developed on key procurement business processes, similar to the resources that FMO provided on expert witnesses in 2014. FMO is committed to tracking COR information manually until the Contract Lifecycle Management (CLM) module, discussed more fully below, is online in FY 2016. CLM will allow COR information to be electronically updated and will provide reports of current CORs.

The new CAO has built considerable structure around the contract file documentation and award review processes, ensuring a level of consistency and that staff are held accountable to all appropriate FAR standards. In FY 2015, the Acquisitions branch was restructured into three teams, focused around key customers – the Administrative Services Office, the Office of the Chief Information Officer, and the Bureaus and Offices, with a separate dedicated Contracting Officer to support contracts for expert witnesses.

Team leads and their colleagues meet weekly with their customers so that there is a constant, free-flow of information throughout the procurement process. Additionally, the Acquisitions Branch is contracting with an acquisition support provider to provide liaisons to each of its major customers. The liaisons will provide guidance on the acquisition process; ensure proper documents necessary for contracting are in place; assist customers with initiating contract actions; and usher the acquisition through the process so that both the Acquisitions Branch and the customer maintain visibility and confidence throughout the entire process. This too should help increase COR confidence in, and knowledge about, the acquisition process.

The CAO has directed a review of all policy and that new policies and procedures consistent with the latest FAR provisions and other relevant federal regulations be drafted as required. When completed, the Acquisitions Branch will have standardized policies and procedures that will govern and simplify contracting actions for all contracting officers and CORs. This standardization will give consistency to all acquisition actions, which in turn will make operations more efficient and ensure compliance with federal regulations and guidance. The CAO also conducted a thorough review of all staff performance objectives to ensure that required annual training is completed and staff obtains additional professional development opportunities to stay current and to improve their overall acquisition knowledge and performance.

As noted above, the FTC is working with the agency's shared service provider, IBC, to implement a contract lifecycle management module for FTC's financial system. CLM will greatly improve the way the FTC buys goods and services, routes requisitions, and administers and reports contract information. It will provide much needed visibility to CORs into the funding status of their contracts. A dedicated project manager will work with FMO, IBC, and agency stakeholders to help manage CLM's implementation and document needed business process changes. FMO will also obtain a third party, independent verification and validation of CLM's implementation to ensure that it meets FTC's requirements. Finally, FMO has assembled an agency-wide workgroup to help update business processes, gather requirements, and train others. The workgroup, composed of agency employees familiar with submitting requisitions and the acquisitions process, is poised to help ensure a smooth and positive transition to the new system.

The above-noted changes have taken time to put in place, and while a number of these efforts are still ongoing, now that the branch is right-sized, customer-focused, and providing more consistent guidance, we are confident that the agency' procurement program is positioned for success.

Management Challenge: Stabilizing the Agency's eDiscovery Support System

The FTC maintains a litigation support platform that functions as an eDiscovery Support System (eDSS) for legal processing and legal review. Through a contract award in 2012, the eDSS was intended to enable the FTC's two litigating Bureaus –

Competition and Consumer Protection – and the FTC’s eight remote Regional Offices to store, process, review, and tag large sets of data for its cases. Competition case teams use the platform in their litigation efforts challenging mergers and acquisitions and anti-competitive conduct. Consumer protection case teams use the eDSS to support enforcement of federal consumer protection laws.

The eDSS was not effectively integrated into the FTC technical infrastructure and FTC business practices. As a result, it has experienced significant management and technical deficiencies, including cost overruns and persistent system latency. The persistent technical issues impede users’ ability to rely upon the platform to move between documents or retrieve data – all critical requirements in deadline-driven litigation.

The eDSS challenges are complicated by the FTC’s inability to perform basic troubleshooting and root cause analyses. For example, the lack of appropriate technical tools and lack of understanding of concurrent processing and system logging restrict the FTC from effectively evaluating workload impacts due to difficulties in determining the number of concurrent users. Echoing other management challenges the OIG identified this year, there is no formal process for problem follow-up, monitoring the aging of trouble reports, or oversight of actions taken and/or required to assess and resolve the eDSS problems.

The eDSS was intended to replace six obsolete legacy systems, process four terabytes of data daily (Bureau cases can each require a range of 300 GB to 4 TB of storage), and permit access for 150 concurrent-license users. Due to persistent outages and functionality issues, these objectives have not been achieved after three years of contract performance. FTC litigation teams have adapted as best they can to continue to bring successful cases.

Stabilizing the eDSS is essential to enabling the FTC to accomplish its competition and consumer protection missions. The FTC needs to support “big data” analyses, especially as the volume of data that must be processed continues to increase and analytical approaches become more complex. In FY 2016, the OIG will complete an evaluation of the root causes of the eDSS performance and management issues. The evaluation will contain recommendations to mitigate performance risk with the current eDSS platform and to prevent similar occurrences in future efforts to modernize and enhance the FTC technological case and data analysis capabilities.

Agency Progress in Addressing the Challenge

The OCIO is actively working on improving the performance and stability of the eDiscovery Support System (also known as eDSS). After continued performance issues in June 2015, OCIO prepared an after-action report (AAR) documenting lessons learned, root cause analysis, and recommendations for future improvements. The AAR will be presented to the IT Governance Board in October 2015 for review and approval of the recommended course of action. The recommended course of action includes increas-

ing resources to support the application, implementing better performance monitoring and issue tracking, and streamlining the acceptance testing process to decrease the time and effort needed to perform upgrades and software patches needed to fix code errors and security vulnerabilities (hotfixes). The additional resources requested will provide OCIO with the expertise needed to troubleshoot performance problems, perform timely upgrades and patches, and implement necessary changes to the configuration to improve performance and functionality.

The move to implement timely upgrades and patches are critical to improving eDSS's performance. These upgrades are critical to ensuring errors or bugs in the application code are fixed before causing major performance degradation. To streamline the process for implementing upgrades and hotfixes, the OCIO is recommending moving the development and acceptance test functions for eDSS to a testing platform in the production environment. This will provide a dedicated development and testing environment without the constant configuration changes in the standard development and testing environment, which will lead to faster deployment of bug fixes and patches. The OCIO is also proposing, as part of the AAR, a service-level agreement to require implementing hotfixes 14 calendar days after release and upgrades 30 calendar days after release of the first service pack.

As the OCIO continues to troubleshoot and make improvements to the eDSS application and the underlying infrastructure, system performance will be closely monitored to validate whether the configuration changes are actually improving performance. In support of monitoring, OCIO will conduct an overall analysis review of the As-Is environment for eDSS, document configuration baselines, and establish performance benchmarks for future eDSS updates. Additionally, the OCIO will define infrastructure performance metrics for a number of parameters to include server and network utilization. This will assist the OCIO in further determining whether performance issues arise from the application or the infrastructure.

Looking toward the future, the OCIO will begin an analysis of alternatives for the eDSS application to begin preparation for the expiration of the eDSS contract in FY 2017. As part of this alternative analysis, the OCIO and business owners in the bureaus will analyze alternative applications, including externally hosted solutions, and determine whether eDSS is still the best option for the agency's current and future litigation support, eDiscovery, and "big data" requirements.

Management Challenge: Ensuring Compliance with Digital Records Management Requirements

In November 2011, the President signed a Presidential Memorandum, *Managing Government Records*, instituting a government-wide effort to reform records management policies and practices. In August 2012, OMB and the National Archives and Records Administration (NARA) issued a "Managing Government Records Directive" that requires "to the fullest extent possible, [federal] agencies eliminate paper and use

electronic recordkeeping.” We must address these challenges while using the opportunity to develop a 21st-century framework for the management of Government records.

The OMB/NARA Directive requires federal agencies to make several changes in records management processes. The Directive states: “By December 31, 2016, Federal agencies must manage all email records in an electronic format. Email records must be retained in an appropriate electronic system that supports records management and litigation requirements (which may include preservation-in-place models), including the capability to identify, retrieve, and retain the records for as long as they are needed. Beginning one year after issuance of this Directive, each agency must report annually to OMB and NARA the status of its progress toward this goal.” The Directive also states: “By December 31, 2019, all permanent electronic records in Federal agencies will be managed electronically to the fullest extent possible for eventual transfer and accessioning by NARA in an electronic format.”

The Directive has significant implications for FTC operations. It requires a shift from paper to digital records wherever possible, and to provide appropriate training to FTC staff. The FTC will need to reconsider its records organizations procedures from the authoring and creation of records; to the methods and tools used to acquire, store, track, and retrieve them; and, finally, to their disposal.

The FTC Congressional Budget Justifications for FY 2015 and FY 2016 set forth the same strategies for an FTC transition to electronic information resource management: “(1) Developing an agency-wide information governance policy that provides enterprise-level standards for file structures for organizing information, mandatory and optional metadata (searchable information about the document), document naming conventions, access restrictions, and retention rules and triggers. (2) Implementing an Enterprise Content Management System (ECMS) that staff will use to draft, collaborate on, and finalize work, including consumer protection and competition case filings. The ECMS will enable us to maintain agency records in a secure electronic format for the required retention period and to transfer permanent agency records to the National Archives and Records Administration (NARA) [in an electronic format].”

To fully comply with the OMB/NARA directive and other legal requirements regarding electronic recordkeeping, the transition to digital records management will require the FTC’s continued focus in FY 2016. In particular, the Records and Filings Office must provide guidance and enhanced search capacities for electronic documents. The agency also must continue to train staff in identifying and labeling federal records (including emails), as well as proper and NARA-compliant retention and disposition of records.

Agency Progress in Addressing the Challenge

NARA approved a new comprehensive records retention schedule for the FTC in 2012. This records retention schedule is media neutral and thus gives the FTC the legal authority to maintain its federal records in electronic format. The transition to maintaining

agency records in electronic format is well underway. FTC staff currently store and access electronic information in shared network drives, following the FTC's Shared Network Space policy that was established in 2006. This policy establishes a high-level folder structure and enhances the ability to control access privileges to information. In 2013, RFO issued guidance to FTC staff that federal records – including email records – can be stored on shared drives as part of the matter file. Use of shared drives to store records is consistent with the agency's business process and with NARA Bulletin 2012-02 (December 6, 2011), on "Guidance on Managing Content on Shared Drives," and meets the OMB/NARA Directive requirement to manage all email records in an electronic format by 2016. In 2015, RFO developed and provided staff with additional guidance on managing records (including email) in electronic format.

As part of the transition to maintaining agency records in electronic format, the FTC continues to use our Electronic Recordkeeping Certification Review (ERCR) process to evaluate recordkeeping requirements for existing and new systems. RFO has certified two systems to house permanent electronic records – the Matter Management System 2 and the E-Filing system for FTC administrative litigation. In FY 2015, RFO enhanced the E-Filing system to include non-public filings, electronic service of filings, and an electronic docket. These enhancements make the FTC administrative litigation process and its official records virtually fully electronic.

RFO is working with agency stakeholders to develop information governance for FTC records. This includes file structures, metadata, naming conventions, access restrictions, and retention rules and triggers. The FTC plans to utilize an ECMS to maintain agency records for the required retention period and to transfer permanent agency records to NARA in electronic format. The FTC plans to incorporate the management of email records in the ECMS. The ECMS will provide enhanced search capacities for electronic documents and meet the OMB/NARA Directive requirement to manage permanent electronic records electronically by 2019. In FY 2015, the agency continued planning for transition to an ECMS, as part of FTC's overall IT modernization strategy.

DESCRIPTIONS



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PROTECTING CONSUMERS

The FTC advances its goal of protecting consumers through five law enforcement areas (Privacy and Identity Protection, Financial Practices, Marketing Practices, Advertising Practices, and Enforcement) as well as through five additional functions (Litigation Technology and Analysis, Consumer Response and Operations, Consumer and Business Education, Economic and Consumer Policy Analysis, and Management). The FTC's seven regional offices also further this goal by bringing a variety of consumer protection cases within the five law enforcement areas and maintaining important contacts with state Attorneys General and other state and local consumer protection officials.

Budget by Activity (\$ in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	FTE	Dollars	FTE	Dollars
Privacy and Identity Protection	57	\$10,073	57	\$10,448
Financial Practices	88	\$15,303	90	\$16,149
Marketing Practices	111	\$19,245	111	\$19,837
Advertising Practices	71	\$12,438	69	\$12,520
Enforcement	50	\$8,819	50	\$9,151
Planning and Information *	---	---	---	---
Consumer Response and Operations *	27	\$4,789	27	\$4,970
Litigation Technology and Analysis *	44	\$20,493	45	\$23,990
Consumer and Business Education	22	\$6,295	22	\$6,440
Economic and Consumer Policy Analysis	4	\$689	4	\$718
Management	12	\$2,113	12	\$2,199
Subtotal Direct	486	\$100,257	487	\$106,422
Support	151	70,968	151	78,343
Total	637	\$171,225	638	\$184,765

* In FY 2015, the Division of Planning and Information was divided into the Division of Consumer Response and Operations and the Division of Litigation Technology and Analysis in order to further meet the growing needs for more complex analysis of terabytes of data, detailed forensic examinations, and the review of volumes of complaints. Resources were also realigned from Management to support these two new divisions.

Privacy and Identity Protection

The goal of Privacy and Identity Protection is to protect consumers' privacy, while balancing the benefits to consumers and competition from the flow of information in our marketplace economy, and to help consumers prevent, mitigate, and remediate the damage caused by identity theft. This program uses a mixture of law enforcement, rulemaking, consumer and business education, victims' assistance, information gathering, and industry outreach to accomplish this goal.

- **Consumer Privacy and Data Security:** Privacy and Identity Protection takes a leading role in nationwide efforts to protect consumers from unfair, deceptive, or other illegal practices involving the use and protection of consumers' personal information. A central part of this program is law enforcement under Section 5 of the FTC Act, including cases in which companies have misrepresented their policies about the use of personal information they collect from consumers or failed to take reasonable steps to protect the security of sensitive personal information in a way that causes or is likely to cause consumer harm. Another key priority is protecting the privacy of children under age 13 by enforcing the Children's Online Privacy Protection Act, which requires online (including mobile) sites and services that collect personal information from children to provide parents with notice and get their consent. In the area of financial privacy, the FTC enforces its rule implementing the privacy provisions of the Gramm-Leach-Bliley Act. The FTC also enforces its Safeguards Rule, which requires financial institutions to implement reasonable administrative, technical, and physical safeguards to protect customer records and information. In addition to its enforcement efforts, the FTC has promoted transparency and informed consumer choice about companies' privacy practices and continued to encourage the development of effective self-regulatory approaches in this area. The FTC has issued reports and hosted workshops on general privacy, mobile privacy, comprehensive data collection, data brokers, and new technologies such as the Internet of Things.
- **Accuracy and Privacy of Credit Information:** Privacy and Identity Protection works to ensure the accuracy and privacy of consumer information used to screen applicants for loans, jobs, insurance, and other benefits. Privacy and Identity Protection enforces the Fair Credit Reporting Act (FCRA), which holds credit bureaus and furnishers of information responsible for the accuracy of credit report information, gives consumers the right to check and correct their credit reports, limits how such information may be used, and requires reasonable procedures to ensure that such information is obtained only by entities with a permissible purpose to use it.
- **Identity Theft:** In the years since the Identity Theft and Assumption Deterrence Act of 1998 charged the FTC with developing a centralized consumer complaint, victim assistance, and education service for the public on avoiding identity theft, the FTC has become the leading source of this information for consumer assistance and law enforcement training. A toll-free number and online complaint form

enable consumers to report incidents of identity theft and receive information on ways to minimize their exposure to identity theft and repair the harm inflicted by this crime. The complaints are entered into the FTC's Consumer Sentinel Network, which is accessible to domestic law enforcers.

Financial Practices

Financial services play an important role in the daily lives of virtually all Americans. Financial Practices promotes truthfulness and fairness in the provision of these services by entities within the FTC's jurisdiction, so that consumers can make better-informed decisions.

- **Debt Collection:** The Fair Debt Collection Practices Act prohibits deceptive, unfair, and abusive debt collection practices that can harm consumers who are unable to pay their debts due to job loss or other financial problems. Financial Practices uses enforcement and education to protect consumers from such harmful practices. It also conducts public workshops and makes policy recommendations on developments in the debt collection marketplace.
- **Mortgage, Credit Card, and Other Debt Relief Services:** Financial Practices targets firms that make deceptive offers to assist consumers in reducing or renegotiating secured debt, such as a mortgage or car loan, and unsecured debt, such as credit card bills. These claims mislead consumers already in financial distress as to who is providing these services, what services they will provide, and how much they charge for them. The scams vary, and include offers to provide mortgage loan modification, foreclosure relief, short sales, mortgage refinancing, debt settlement, debt negotiation, and credit counseling. Victims often find themselves in even more dire financial straits than before.
- **Payday Lending:** Many consumers who need cash quickly turn to payday loans – short-term loans with very high interest rates (i.e., 400% or more) that are generally due on the consumer's next payday after the loan is taken out. In recent years, the availability of payday loans via the Internet has markedly increased. Unfortunately, some payday lending operations or online lead generators have employed deception and other illegal conduct to take advantage of financially distressed consumers seeking these loans.
- **Motor Vehicle Sales, Financing, and Leasing:** For most consumers, the purchase of a car or truck is their most expensive financial transaction, other than the cost of housing. Financial Practices leads the FTC's efforts to protect consumers in auto-related transactions.
- **Mobile Cramming and Payments Systems:** As new mobile financial products emerge, Financial Practices has been examining these developments and targeting unfair and deceptive practices in the mobile payments and m-commerce ecosystems, including cramming on mobile telephone bills.

- **For-Profit Education:** With promises of increased earning power and employment opportunities, the for-profit education industry often entices consumers to enroll in educational programs that fail to live up to those promises, leaving them with hefty debt burdens and little to show for it. Financial Practices leads the FTC's enforcement efforts against deceptive and unfair practices in the industry and also works with state and federal partners to ensure a coordinated response that best protects consumers.
- **Deception Relating to Other Financial Services:** Financial Practices broadly targets deception and unfairness in the marketing and provision of a diverse array of other financial products and services, such as credit repair and mortgage lending and servicing.

Marketing Practices

Marketing Practices fights frauds that target financially distressed consumers, protects consumers using the Internet, mobile devices and all new technologies, spearheads the FTC's efforts to fight spam, unsolicited text messages and violations of the Do Not Call and Robocall Rules, attacks telemarketing and online frauds, pursues gatekeepers such as lead generators, and enforces the Commission's rules that protect purchasers of franchises and business opportunities, funeral services, and certain products with warranties.

- **Economic Fraud:** Marketing Practices litigates against frauds affecting poor and under-served communities, such as deceptive offers of health insurance or income opportunities through jobs, investment, government grants, or other scams. Marketing Practices also focuses on frauds that may prey disproportionately on other communities, such as sham charitable fundraising, and illegal lottery and prize promotions that tend to target older consumers. Marketing Practices actively engages legal services organizations, grass root organizations and other partners to solicit information for targeting and maximize outreach efforts to all communities.
- **Telemarketing Fraud:** Marketing Practices enforces the Telemarketing Sales Rule (TSR), and uses Section 5 of the FTC Act to halt deceptive telemarketing schemes. Working closely with the state Attorneys General, other federal law enforcers, and private sector partners, Marketing Practices targets areas for law enforcement, organizes enforcement sweeps, and helps publicize consumer and business education to reduce telemarketing fraud. Marketing Practices proposed amendments to the TSR to strengthen its anti-fraud protections, to keep up with market and technological changes, and to clarify provisions. Do Not Call: Marketing Practices developed the FTC's Do Not Call amendments to the TSR, including amendments relating to prerecorded calls ("robocalls"), and leads the enforcement, compliance, and education efforts to implement these amendments. It also stimulated the market into developing robocall blocking solutions for consumers through the agency's first public contest under the America COMPETES (Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and

Science) Act of 2007. It now has issued four Challenges, all focused on minimizing illegal robocalls.

- **Internet Fraud:** Marketing Practices leads the FTC's law enforcement efforts to prevent and halt online fraud, including spyware and malware. The core of this activity rests on staff initiatives to keep pace with the latest Internet schemes, as well as undercover surveillance and rapid law enforcement response when fraudulent and unfair schemes are detected.
- **Gatekeepers:** Marketing Practices targets law enforcement against third-party entities that facilitate fraud, such as lead generators, voice blasters that assist illegal robocallers, and payment processors that participate in fraudulent merchants' schemes by providing access to the banking or credit card systems.
- **Rule Enforcement:** Marketing Practices enforces the FTC's Franchise Rule, and the amended Business Opportunity Rule which requires a streamlined disclosure document covering business opportunities. Marketing Practices also is responsible for enforcement of the Magnusson-Moss Warranty Act relating to warranties, and it coordinates the agency's enforcement of the Funeral Rule.

Advertising Practices

Advertising Practices enforces the nation's "truth-in-advertising" laws and, through reports, advocacy, and industry outreach, articulates the FTC's policies on the regulation of advertising, including marketing to children. Whether ads appear online, on television, radio, in newspapers or magazines, or through word-of-mouth, these laws require companies to tell the truth and to back up their claims with reliable, objective evidence. Advertising Practices uses a variety of tools to protect consumers from misleading claims, including bringing law enforcement actions in federal and administrative courts, providing guidance to industries, advocating effective self-regulation by the advertising industry and better ad screening by the media, and providing consumer and business education. Working to protect consumers' health, safety, and economic interests, these efforts span a broad range of products and practices.

- **Advertising for Foods, Over-the-Counter Drugs, Dietary Supplements, and Medical Devices:** Advertising Practices devotes substantial resources to ensuring the accuracy of health claims in advertising and takes action against companies making deceptive representations. In addition to traditional law enforcement actions, the FTC creates education materials to help companies understand the need for adequate substantiation and information to help consumers, including the elderly and other vulnerable populations, spot deceptive claims.
- **Health Care and Weight Loss:** Each year consumers spend billions of dollars purchasing pills, potions, and therapies to treat and prevent serious diseases such as cancer and diabetes, and to achieve weight loss. Advertising Practices works with other federal agencies and partners to combat misleading claims by providers of these products and services by sending warning letters targeting the scams "du jour" and bringing law enforcement actions. Other activities include conducting

consumer education campaigns to assist consumers in avoiding fraudulent health care and weight loss products.

- **Endorsements, Search Results, and Native Advertising:** Advertising Practices enforces the basic principles, incorporated in the FTC’s Endorsement Guides, that endorsements must be truthful and cannot be misleading, and that material connections between advertisers and endorsers should be disclosed. Based on the idea that consumers have a right to know when they are receiving a sales pitch, this principle similarly applies to social media marketing (including consumer-generated content), paid search results, and “native advertising,” the practice of blending advertisements with news, entertainment, and other editorial content in digital media.
- **Pricing:** As a natural outgrowth of our Endorsement Guide update in 2009, Dot Com Disclosures update in 2013, and marketplace trends, Advertising Practices also has prioritized a review of inadequate price disclosures. For example, Advertising Practices has sent letters to a number of hotels and online ticket agencies warning that they may violate the law by providing a deceptively low estimate (known as “drip pricing”) of what consumers can expect to pay for their hotel rooms.
- **Tobacco and Alcohol Advertising:** Advertising Practices leads the FTC’s efforts to stop the deceptive or unfair marketing of tobacco and alcohol, administers federal laws governing the rotation of health warnings on ads and packaging for cigarettes, and publishes annual reports on cigarette and smokeless tobacco advertising and marketing. The FTC is coordinating with FDA as FDA assumes some tobacco-related responsibilities pursuant to the Family Smoking Prevention and Tobacco Control Act. Advertising Practices also monitors self-regulation of the alcohol advertising industry, encourages improved standards and compliance, and periodically reports to Congress and the public on this issue.
- **Contact Lens Rule Administration and Enforcement:** Advertising Practices actively enforces the Contact Lens Rule, which requires that contact lens prescribers (optometrists and ophthalmologists) provide patients with a copy of their prescriptions at the completion of a lens fitting. The Rule also prohibits lens sellers from providing lenses to customers without first verifying prescription information. Advertising Practices has brought a number of cases enforcing the Rule, and also engages in ongoing business education. The FTC will be reviewing the Contact Lens Rule, as well as the Eyeglass Rule (which similarly requires prescribers to provide patients with a copy of their eyeglass prescriptions) and seeking public comment to determine whether the Rules should be modified.

Enforcement

Enforcement litigates civil contempt and civil penalty actions to enforce federal court injunctions and administrative orders in consumer protection cases; coordinates actions with criminal law enforcement agencies through its Criminal Liaison Unit; develops, reviews, and enforces a variety of consumer protection rules and guides; administers

the Bureau's green marketing program; coordinates the negative option initiative; and handles bankruptcy and collection matters in consumer protection cases.

- **Order Enforcement:** Enforcement is responsible for ensuring compliance with all administrative and federal court orders entered in FTC consumer protection cases. To carry out this mission, Enforcement actively monitors compliance with consumer protection orders, conducts investigations of possible order violations, litigates civil contempt actions in federal court to enforce injunctions, and initiates court actions to obtain civil penalties for administrative order violations.
- **Criminal Liaison Unit:** The Criminal Liaison Unit (CLU) encourages criminal prosecution of those responsible for consumer fraud by identifying fraudulent activities, bringing them to the attention of criminal law enforcement authorities, and coordinating civil and criminal enforcement actions. CLU works closely with prosecutors, criminal investigative agents, and FTC staff to ensure the smooth progress of parallel prosecutions. In addition to identifying and referring specific fraudulent activity, CLU also educates criminal law enforcement authorities about the FTC and its mission, and provides legal and practical advice to FTC staff.
- **Rules and Guides:** Enforcement develops, reviews, and enforces a variety of consumer protection rules and guides. For example, in the energy arena, Enforcement is responsible for rules requiring the disclosure of operating costs of home appliances (the Appliance Labeling Rule), octane ratings for gasoline (the Fuel Rating Rule), and the efficiency rating of home insulation (the R-Value Rule). Enforcement also has responsibility for rules and guides as diverse as the Mail or Telephone Order Merchandise Rule, which requires companies to ship goods when promised; the Textile, Wool, Fur, and Care Labeling Rules, which require proper origin and fiber content labeling of textile, wool, and fur products, and care instructions; and the Jewelry Guides, which provide guidance on the marketing of precious metals, gemstones, and pearls.
- **Green Marketing:** The FTC's Green Marketing program focuses on advertising claims that tout the environmental benefits of products and services. Enforcement administers the program by developing the Commission's Environmental Marketing Guides, litigating enforcement actions, and conducting consumer research and other studies to better understand the marketplace.
- **Negative Option Marketing:** Enforcement coordinates the Negative Option Marketing initiative that addresses deceptive practices in the use of negative option offers (i.e., any offer in which a seller interprets consumers' silence, failure to take an affirmative action to reject goods or services, or failure to cancel a sales agreement as acceptance of an offer). To accomplish this mission, Enforcement litigates civil actions against marketers that deceive consumers; hosts workshops with industry representatives, consumer groups, and members of the academic community; and issues reports that discuss marketing trends and provide guidance to industry.

- **Bankruptcy:** Enforcement's bankruptcy/commercial law attorneys represent the Commission in federal bankruptcy court and advise staff generally on a host of bankruptcy and commercial law issues. The bankruptcy group preserves and enforces the Commission's claims for monetary relief, ensures that defendants do not use bankruptcy as a haven from law enforcement actions, and counsels staff on a wide variety of bankruptcy and commercial law issues related to monetary relief.
- **Collections:** Enforcement conducts investigations, attaches assets, and litigates contempt actions in order to collect outstanding monetary judgments obtained by the Bureau of Consumer Protection. Additionally, Enforcement coordinates collection activities with the Department of the Treasury.

Litigation Technology and Analysis

Litigation Technology and Analysis plays a central role in BCP's investigation and litigation of consumer protection matters, including working with attorneys to assess case needs, managing the technological tools used to conduct investigations and litigation, and evaluating and implementing emerging technologies. In an age of increasingly complex technology, staff needs access to the best tools available in order to investigate targets and marshal evidence. Litigation Technology and Analysis is responsible for various efforts and activities, including:

- **Digital Forensic Unit:** The Digital Forensic Unit conducts forensic examinations of digital media to identify, collect, analyze, and preserve electronically stored information for use in court.
- **E-discovery Unit:** The E-discovery Unit uses technological tools to process, organize, manage, and produce electronically stored information.
- **Forensic Accounting:** The Division's forensic accountants analyze financial information to help locate assets and maximize the amount of money that can be recovered and returned to consumer victims.
- **Honors Paralegal Program:** The Division's honors paralegals provide a wide range of assistance to BCP on investigations, litigation, and policy initiatives.
- **Mobile/Internet Lab:** Litigation Technology and Analysis has established a Mobile/Internet Lab that provides BCP staff innovative tools to investigate targets, detect unfair or deceptive activity, and capture evidence. The Lab includes a stand-alone network connecting various desktop, mobile, and other devices designed to replicate consumers' experiences with those devices.
- **Office of Technology Research and Investigation:** This Office conducts independent studies and investigations, identifies the consumer protection issues associated with new technologies, and provides technical expertise and training to BCP staff.

- **Technology Planning:** The Division's staff analyzes and anticipates BCP's technological needs in fulfilling its consumer protection mission.

Consumer Response and Operations

Consumer Response and Operations develops, analyzes, and supplies information to assist in targeting law enforcement and educational efforts, measuring the impact of mission activities, and allocating resources. Consumer Response and Operations is responsible for various efforts and activities, including:

- **Consumer Response Center:** The Consumer Response Center responds to consumer complaints and inquiries received by the toll-free consumer complaint lines, 877-FTC-HELP and 877-ID-THEFT, the FTC's Internet complaint forms, and postal mail. Information from complaints is entered into the FTC's Consumer Sentinel Network and used to target law enforcement and consumer and business education activities.
- **National Do Not Call Registry:** Consumer Response and Operations is responsible for operation and maintenance of the National Do Not Call Registry. Through this registry, consumers can elect not to receive many telephone solicitations from telemarketers. Telemarketers are required to remove any telephone numbers included in the registry from their calling lists. The registry currently has over 221 million active telephone number registrations.
- **Consumer Sentinel Network:** The Consumer Sentinel Network is a secure website that provides more than 2,000 law enforcement partner agencies worldwide access to more than 20 million consumer fraud, identity theft, financial, and Do Not Call Registry complaints that the FTC has collected during the past five years. The site provides law enforcement access to complaints received by the FTC and other organizations, information from the National Do Not Call Registry, a database of unsolicited commercial e-mail (spam) submitted by the public to spam@uce.gov, as well as other information useful for investigations and prosecutions.
- **Data Analysis:** Data analysts examine the complaint data included in the Consumer Sentinel Network and respond to numerous requests for information about that data. They also provide analytical support to the Bureau's law enforcement efforts and measure the impact of activities related to the FTC's mission of protecting consumers.
- **Redress:** Consumer Response and Operations houses the Redress Administration Office (RAO), which is responsible every year for distributing millions of dollars of refunds obtained as a result of FTC lawsuits. The RAO works with the FTC case teams and outside contractors to determine the best and most efficient ways to reach the maximum number of consumers and distribute refunds to them.
- **Resource Management:** Consumer Response and Operations oversees the Bureau's budget and performance measurement, including strategic planning, to provide a roadmap to guide staff activities and accomplish the FTC's goals and

objectives. Consumer Response and Operations also maintains the records for the Bureau, and provides administrative services.

Consumer and Business Education

Consumer and Business Education gives consumers the tools they need to make informed decisions in the marketplace, and gives businesses the tools they need to comply with the law. An education component is integral to every consumer protection enforcement initiative the agency mounts. Consumer and Business Education produces plain-language information that is actionable, practical, and targeted. The information and related initiatives help people recognize and avoid fraud and deception, and encourage them to report concerns to the FTC.

Consumer and Business Education uses a “wholesale/retail” strategy to get information to a much broader audience than its budget would suggest, and a variety of cost-effective communication tactics to help people reduce their exposure to risks in the marketplace.

- **Communications Tools:** Every year, Consumer and Business Education produces hundreds of blog posts and more than 50 publications to alert consumers and businesses to their rights and responsibilities in the marketplace. Print publications are distributed through an informal network of over 13,000 intermediaries, who order online more than 12 million copies for their communities each year. Consumers also make more than 30 million visits annually to consumer and business education information on FTC.gov. In addition, hundreds of thousands of consumers get timely and topical materials through email subscription services and social media sites. When people contact the FTC’s Consumer Response Center for information or to file a complaint, they are referred to education resources. Consumer and Business Education produces award-winning materials and campaigns for consumers, businesses, and law enforcement in multiple formats, including audio (public service announcements, scripts for radio, and online narration), video (YouTube.com/ftcvideos), games and quizzes, tutorials, bookmarks, posters, wallet cards, bookmarks, graphic novels, and infographics. Consumer and Business Education also provides its information to thousands of broadcast, print, and online media outlets, as well as to blogs and social networking sites. All information is produced in English and Spanish, and several publications are produced in Arabic, Chinese, Korean, Haitian Creole, Tagalog, Russian, and Vietnamese.
- **Information for Every Community:** Consumer and Business Education focuses on reaching key audiences including communities of color, immigrants, people in financial distress, older people, people with low levels of literacy, the military community, kids, teens and parents, law enforcement at the state and local level, legal services attorneys, advertisers, marketers, service providers, tech developers, and the private bar. The information covers a wide range of subjects including identity theft, privacy and data security, mobile and evolving technologies, tele-

marketing fraud, Do Not Call, health and safety, green, prizes, sweepstakes and lotteries, advertising, immigration services fraud, credit and finance, debt collection, and home and vehicle financing.

- **Special Initiatives:** Consumer and Business Education manages several special initiatives that address compelling consumer protection issues.
 - » Identitytheft.gov is a one-stop resource that provides streamlined checklists and sample letters to help victims report and recover from identity theft or respond to a data breach.
 - » Pass It On, a fraud prevention project for active older adults, features resources to help older people and those who work with them start conversations about prevalent fraud issues. The campaign encourages older people to pass on what they know to others.
 - » Consumer.gov, a campaign that features online and print consumer protection basics, used by legal services organizations, teachers, and others to promote basic financial literacy.
 - » The Admongo.gov website helps kids develop critical thinking skills and apply them to advertising messages. The advertising literacy campaign includes a curriculum tied to 5th and 6th grade standards of learning in language arts and social studies, a game-based website and family activities.
 - » National Consumer Protection Week, an annual collaboration with local, state, and national groups, highlights consumer education and fraud prevention. The FTC's partners in this effort include AARP, state attorneys general, Council of Better Business Bureaus, Federal Citizen Information Center, NAACP, National Consumers League, US Postal Service and US Postal Inspection Service, and many local consumer agency administrators.
 - » Military Consumer (military.ncpw.gov) addresses unique challenges of military life that often make military families targets for scammers. Online information helps empower military and veteran communities with information as a defense against consumer fraud. A toolkit for military Personal Financial Managers and related mobile resources for the end users will help service members safely manage their money and avoid scams at all stages of enlistment and retirement. DoD, CFPB, Military Saves, federal and state agencies, consumer advocacy organizations, and military support groups partner in this effort.
 - » The Business Center: Your link to consumer protection law, at business.ftc.gov, offers practical guidance to businesses on advertising, telemarketing, data security, consumer privacy, and credit. It gives attorneys and marketing professionals the latest in law enforcement, easy access to statutes and rules enforced by the FTC and key compliance documents to make it easier for them to understand and meet their legal obligations. The site features video, online tutorials, the Business Center Blog, and other innovative media.

- » Resources for Tribal Nations are culturally relevant financial literacy materials based on consumer.gov and shared with fellow consumer educators and members of Tribal Nations.

Consumer and Business Education also participates on a number of inter-agency task forces and working groups, and works very closely with other government agencies to minimize duplication of efforts, ensure consistency in messaging, and maximize efficiency and reach.

Economic and Consumer Policy Analysis

Economic and Consumer Policy Analysis supports economic projects and advocacy activities that foster understanding of consumer good markets and consumer protection policy choices. They also work to ensure that consumer interests are represented before various governmental and self-regulatory bodies dealing with consumer-related issues.

- **Consumer Research and Data Development:** To advance the development of sound marketing policy, Economic and Consumer Policy Analysis supports data and research projects analyzing how marketing claims and policies affect consumers' and firms' decisions. Past studies examined the effects of different types of disclosures on consumer understanding of advertising claims for foods and dietary supplements and the nature of food advertising to children.
- **Economic Studies of Markets for Consumer Goods and Services:** Economic and Consumer Policy Analysis supports targeted economic studies of issues in consumer goods markets that are important to improving our understanding of key consumer protection issues. Recent examples include studies of consumer understanding of proposed Real Estate Settlement Procedures Act (RESPA) mortgage disclosure forms, of the debt buyers industry, and of credit reporting accuracy. The program also supports consumer surveys, such as those measuring consumer susceptibility to fraud, and workshops with outside experts in relevant areas, such as research roundtables on individualized pricing, privacy and data security, and the sharing economy.
- **Economic Support of Consumer Protection Advocacy:** Economic and Consumer Policy Analysis also includes support for Bureau of Economics staff to provide input for advocacy comments on issues related to consumer protection goals. In the past, they have supported comments to the FDA on food labels and direct-to-consumer prescription drug advertising. More recently, comments included those sent to the Federal Reserve Board on rules and regulations regarding subprime loans, and to the Consumer Financial Protection Bureau and the Department of Housing and Urban Development on various changes in mortgage disclosure documents.

Management

The goal of protecting consumers is to identify, prevent, and stop fraud, deception, and unfair business practices in the marketplace. Under the FTC's strategic plan, resources

are devoted to three broad objectives: identifying and taking action to address deceptive or unfair practices that harm consumers, providing the public with knowledge and tools to prevent harm to consumers, and collaborating with domestic and international partners to enhance consumer protection. Management is responsible for the overall management and accomplishment of these goals and objectives.

Since 1995, the Bureau of Consumer Protection has engaged in mission-wide strategic planning. The benefits have been striking; clear goals for managers and staff, coordination of efforts across the Bureau and the Regional Offices, a greater ability to target resources to confront the most serious problems, the creation of new programs to meet new challenges, and increased efficiency and productivity. In all its activities, Consumer Protection leverages its resources through private and public sector partnerships and the use of new technologies.

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PROMOTING COMPETITION

The FTC promotes competition through five primary law enforcement activities (Premerger Notification, Merger and Joint Venture Enforcement, Merger and Joint Venture Compliance, Nonmerger Enforcement, Nonmerger Compliance) augmented by Antitrust Policy Analysis and other direct functions.

Budget by Activity (\$ in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	FTE	Dollars	FTE	Dollars
Premerger Notification	19	\$3,364	20	\$4,075
Merger and Joint Venture Enforcement	207	\$36,383	215	\$42,532
Merger and Joint Venture Compliance	11	\$1,949	11	\$2,248
Nonmerger Enforcement	135	\$23,803	141	\$28,163
Nonmerger Compliance	2	\$348	2	\$386
Antitrust Policy Analysis	27	\$4,824	28	\$5,139
Other Direct	20	\$3,527	21	\$4,231
Subtotal	421	\$74,198	438	\$86,774
Support	133	61,477	135	70,461
Total	554	\$135,675	573	\$157,235

PREMERGER NOTIFICATION

Most mergers and acquisitions are either procompetitive or competitively neutral. Mergers that are anticompetitive, however, can raise costs to consumers by resulting in higher prices and reducing the output of goods and services. Anticompetitive mergers also can inhibit innovation, lead to diminished product quality, and restrict consumer choice. To identify potentially anticompetitive mergers, the FTC relies primarily on the premerger notification program prescribed by the Hart-Scott-Rodino (HSR) Act which In addition, the FTC reviews news publications, industry research, and customer complaints. To distinguish between mergers that threaten competitive markets and those likely to promote them, the FTC conducts a thorough factual investigation coupled with economic analysis to assess the likely effects on competition.

The FTC's Premerger Notification Program promotes competition by:

- **Facilitating Compliance with HSR Requirements:** The FTC's Premerger Notification Program provides information and guidance to ensure that parties to transactions understand when a filing is required and the type of information that they must supply under the HSR Act. In addition to written materials, the Premerger Notification Office answers questions from individuals and organizations to improve the level, completeness, and accuracy of compliance with the Act.
- **Providing Rapid Initial HSR Review:** Mergers reported under the HSR Act vary tremendously in their complexity and potential for anticompetitive effects. In the majority of cases, the agency can make a reasonable judgment about whether a merger is potentially anticompetitive within a few days. To identify potentially anticompetitive transactions, the Premerger Notification Office prepares a summary description and a preliminary antitrust analysis of reported transactions. Summaries are then reviewed by the Bureau of Competition's litigation divisions, the Bureau of Economics, and the Merger Screening Committee – which includes participants from both Bureaus and convenes regularly to consider which matters require further action.
- **Coordinating with the Antitrust Division of the Department of Justice:** The FTC administers the HSR Program for itself and the Antitrust Division of the Department of Justice, which shares authority to challenge anticompetitive mergers. The Premerger Notification Office shares transaction information with the Antitrust Division and also works with the Antitrust Division to ensure that the two agencies consistently and uniformly apply Premerger Notification Rules. The agencies use a "clearance" process to ensure that only one agency investigates and, if necessary, challenges any given transaction. Assignment to one agency or the other takes place after preliminary review of a transaction, based principally on each agency's relative expertise in the markets relevant to the proposed transaction.
- **Minimizing the Burden on Business:** The Premerger Notification Program strives to minimize the burden on filing parties while fulfilling the enforcement respon-

sibilities of the FTC and the Antitrust Division. To that end, the FTC periodically develops and recommends improvements to the HSR rules and procedures.

MERGER AND JOINT VENTURE ENFORCEMENT

As noted above, anticompetitive mergers or joint ventures can harm consumers significantly by raising prices, reducing output, reducing product quality, restricting consumer choice, or inhibiting innovation. The Merger and Joint Venture Enforcement Program seeks to prevent these effects in any market in which the FTC has reason to believe a merger is likely to substantially lessen competition, including high-priority areas for consumers such as health care (including pharmaceuticals), energy, technology, and retail goods and services.

When a merger is challenged, the proper relief must be considered. In some instances, it is possible to craft narrowly-tailored remedies, such as a partial divestiture, which prevents injury to competition but allows other aspects of the transaction to proceed. In other instances, avoiding anticompetitive harm cannot be accomplished without preventing or, if already consummated, undoing the merger entirely.

Determining whether a merger is anticompetitive, and identifying and obtaining appropriate relief, requires thorough investigation to answer fundamental questions. Is the merger likely to reduce actual or future competition, increase the market power of the combined firm, or lead to market dominance or a significant increase in the likelihood of collusion? Is it likely to increase barriers to entry or expansion? The FTC uses a three-tiered approach to merger enforcement:

- **Identify Potentially Anticompetitive Mergers:** As described above, a Merger Screening Committee – a committee which includes participants from both the Bureau of Competition and Economics – convenes regularly to consider which matters require further action.
- **Prevent Anticompetitive Mergers:** The most effective and cost-efficient strategy for protecting consumers from acquisitions that may substantially lessen competition is to prevent anticompetitive mergers from occurring. The FTC does this primarily by using its authority to seek injunctive relief under Section 13(b) of the Federal Trade Commission Act to block anticompetitive mergers pending an adjudicative proceeding. Often, the FTC is able to address potential harm to competition, through negotiated settlements or the parties' voluntary abandonment of a transaction, before taking action in federal court. Where these methods are inappropriate or unavailable, the FTC relies on its administrative process to restore competition lost as a result of a merger's consummation. Whether achieved by consent or in an administrative proceeding, the most common remedy is divestiture of the assets necessary to preserve or restore competition, although the FTC also uses conduct remedies where appropriate.
- **Educate Public About Anticompetitive Transactions:** To enhance the FTC's ability to deter future anticompetitive merger and acquisitions activities, the

agency strives to increase public awareness of free market concepts and the factors the FTC considers as it determines whether to take law enforcement action. The Commission uses educational publications, its decisions, and the public facts underlying FTC actions to provide companies with the information needed to evaluate the likelihood that similar transactions may draw a challenge. The FTC strives to promote transparency in its decisions by releasing guidelines and policy statements to help businesses comply with the antitrust laws. In specific matters, the agency issues public statements, including analyses to aid public comment, complaints, and closing statements to explain why the FTC decided not to challenge a merger.

MERGER AND JOINT VENTURE COMPLIANCE

The Merger and Joint Venture Compliance program implements Commission remedies via consent orders and monitors party compliance with order provisions.

- **Implementation of Agreements and Orders:** The Merger Compliance Program ensures that order provisions are sufficient to retain or restore competition in the relevant markets, and enforces their faithful and timely implementation. Compliance staff work with merger enforcement staff, merging parties, and buyers to ensure that the provisions of the order are properly drafted and that divestiture packages are adequate to maintain the viability and competitiveness of the divested assets. When the divestiture of assets is delayed, the competitive viability of the assets often declines. To avoid delay, the FTC seeks either “up-front” buyers or order provisions that limit the time within which divestiture must be completed.
- **Monitor Compliance:** Staff closely monitor compliance with order provisions and, where necessary, recommends that fallback order provisions be invoked, such as trustee-managed divestiture, the divestiture of larger asset packages, or civil penalty actions. Civil penalty actions entail investigation and, where necessary, federal court litigation. Merger Compliance includes monitoring compliance with conduct order provisions such as bans on the dissemination of competitively sensitive information or requirements to seek approval or give notice before completing specified future mergers or acquisitions.
- **Review Petitions to Modify Orders:** Merger Compliance also includes reviewing petitions from parties seeking modification or terminations of their orders, and making appropriate recommendations for Commission action.

NONMERGER ENFORCEMENT

For competition to thrive in markets, competition authorities must stop practices designed to entrench market power and deny consumers the benefit of new forms of competition. To this end, the Commission monitors business practices that make it more difficult for other firms to enter the market or that enable existing competitors to collude. For instance, the FTC has challenged agreements between branded and generic pharmaceutical companies to delay lower-priced generic entry, as well as firms’ use of

their dominant market positions to exclude competition, deprive consumers of choice, and suppress innovation.

The FTC challenges a wide variety of business practices that may harm consumers by allowing firms to raise prices beyond competitive levels, or to reduce output, quality, innovation, or consumer choice. The practices the FTC challenges fall in to three broad categories: horizontal restraints, distributional restraints, and unilateral conduct. Identifying and proving these types of violations requires legal and economic analysis and thorough factual investigation to distinguish between conduct that threatens the operation of open and competitive markets and conduct that promotes and advances their operation and efficiency.

- **Horizontal Restraints:** The horizontal restraints component of Nonmerger Enforcement looks at anticompetitive agreements between and among competitors. Horizontal restraints, such as price-fixing, can harm consumers by raising prices or by reducing the quantity and quality of goods and services. The mission of this program is to prevent, detect, investigate, and remedy anticompetitive collusion or its facilitation. While some agreements among competitors, such as standard-setting activities and the creation of legitimate ethical codes can be pro-competitive and even essential, such agreements can also be exclusionary under certain market conditions.
- **Distributional Restraints:** Restraints on the distribution of goods from manufacturers to consumers can facilitate horizontal collusion, limit sources of supply, or restrict channels of distribution in ways that give a party unilateral power to increase prices, reduce price-adjusted quality, or otherwise suppress competition. Under certain circumstances, potentially unlawful distributional restraints may include agreements restricting prices or other terms of resale, agreements restricting the sale or purchase and distribution of goods from firms other than the parties to the agreement, and discrimination in price or other terms that may injure consumers.
- **Single Firm Violations:** A single firm with market power can use various anti-competitive practices to reduce output and increase price above the competitive level, injuring consumers and misallocating resources. While neither the possession of market power nor the attempt to achieve it are unlawful, obtaining, increasing, or maintaining market power by unnecessarily exclusionary means is unlawful. The goal of our enforcement activity against single firm violations is to prevent or remedy instances in which appreciable market power is unlawfully created or maintained through conduct that would injure long-term consumer welfare. A principal challenge with this enforcement activity is to distinguish improper conduct from vigorous and innovative competition.
- **Strategy:** The FTC employs strategies of investigation, litigation, voluntary compliance, and negotiation for nonmerger enforcement. In addition, the FTC provides reports and comments to federal, state, and local government agencies, as

well as amicus curiae briefs, advisory opinions, and legal and economic analyses to help inform others about emerging issues affecting nonmerger enforcement.

NONMERGER COMPLIANCE

As in its Merger Enforcement Program, the Commission obtains orders in its Nonmerger Enforcement Program to preserve or restore competition. The crafting of appropriate orders and subsequent monitoring of adherence to order terms requires close consultation between enforcement and compliance staff. Unlike orders in merger enforcement cases, orders in anticompetitive conduct cases seldom involve divestiture relief. Instead, nonmerger order provisions are generally prohibitive, requiring a party to “cease and desist” from specified conduct. Conduct remedies can be quickly implemented once an order is entered, and emphasis is placed on enjoining anticompetitive conduct before it can cause significant and potentially irreparable harm. When appropriate, the Commission may also obtain monetary equitable remedies in federal court, such as disgorgement of ill-gotten gains, in order to deprive wrong-doers of benefitting from illegal conduct.

- **Implementation of Agreements and Orders:** Staff draws on its extensive experience as well as discussions with the parties and affected third parties to craft relief that will be effective deterring pro-competitive conduct. Conduct remedies often require third party compliance monitoring and reporting to the Commission.
- **Monitor for Compliance:** Strategies for monitoring compliance include review of periodic compliance reports required by the orders, follow-up interviews with the reporting parties, scrutiny of relevant media, contacts with the original complainants and other industry participants, and investigation of suspected violations.
- **Relief:** Nonmerger compliance may entail federal court litigation seeking civil penalties and other relief.
- **Review Petitions to Modify Orders:** From time to time parties under order submit petitions seeking modification or termination of all or part of their orders, often due to market dynamics or other changes in circumstances. The FTC’s Nonmerger Compliance program reviews these petitions to assess their impact on competition and makes recommendations for Commission action accordingly.

ANTITRUST POLICY ANALYSIS

Staff conducts antitrust policy analysis to provide the Commission and other policy makers with information to assess and formulate competition policy. Antitrust policy analysis includes the design and completion of economic research that improves our understanding of markets and enables the FTC to identify markets and circumstances in which law enforcement actions would make the greatest impact. The Antitrust Policy Analysis program also aims to ensure that consumer interests are represented before various governmental and self-regulatory bodies addressing market and competition issues. Among the types of activities supported are:

- **Economic Studies of Competition in Markets:** The FTC conducts studies and holds workshops that help us better understand how competition actually works in different markets and contexts. These activities enable the FTC to bring together industry, economic, and legal experts to assess competition policy challenges in specific sectors of the economy.

In addition, the FTC issues policy papers discussing the application of antitrust principles to various markets of great importance to consumers such as health care, energy, and technology.

- **Economic Support of Competition Advocacy:** Bureau of Economics staff also provides input in advocacy comments before governmental or self-regulatory bodies to promote sound competition policy through other regulatory frameworks.

OTHER DIRECT

Several other functions within the Competition Mission directly support our primary law enforcement work, including:

- **Competition Advocacy:** The FTC and its staff have a great deal of expertise in competition analysis, and are often invited to comment on the competitive effect of proposed laws, rules or regulations before federal, state, or local governments. For instance, staff has issued comments to various state entities on rules governing direct-to-consumer sales by manufacturers of automobiles, the entry of new types of limited service health care professionals and facilities in markets otherwise reserved for medical doctors, passenger motor vehicle transportation services, including new software applications that are used to arrange for such services, and comments on proposed rules issued by Federal Energy Regulatory Commission (FERC) relating to the integration of alternative sources of energy.
- **Recruiting:** The Bureau of Competition, in cooperation with the Human Capital Management Office and other offices in the FTC, conducts interviews at over a dozen law schools and legal recruiting fairs each year to identify and select entry-level attorneys and legal interns. The Bureau also recruits lateral attorneys and other staff members as needs arise.
- **Employee Development and Training:** Through its Employee Development and Training Program, the FTC ensures that attorneys and support personnel receive the training necessary to do their jobs. Hallmarks of the training program are the Bureau of Competition Training Council's seminar series, the semi-annual in-house training sessions for summer interns and first-year attorneys, and the Bureau of Competition Mentoring Program.
- **Investigation, Litigation Support, and Electronic Filing:** Investigation and Litigation Support staff are responsible for processing and loading all document productions received during the course of investigations and litigation. This group develops standards for documentary productions and data submissions

and uses appropriate technological solutions to ensure Commission staff has timely access to this information.

Related to this activity, the agency is exploring options for an effective electronic filing system for premerger filings received under the HSR program. Such a system would allow merging parties to submit required HSR Notification and Report Forms electronically. Once a form is processed, it would be accessible by the reviewing agencies via a shared database. Electronic filing will provide faster processing time, improved data entry, and reduced costs for both the enforcement agencies and filing parties.

- **Information Systems Management:** The Bureau of Competition's Information Systems Management staff manages the records systems necessary to report on the work of the Promoting Competition Mission. It also coordinates activities with the FTC's Office of the Chief Information Officer, including use of the Internet to keep the public informed of activities, and the development of intranet resources for staff.
- **Clearance Procedures with the Department of Justice:** Staff of the FTC and the Department of Justice's Antitrust Division apply established principles to leverage expertise when determining which agency will investigate merger and nonmerger matters that appear to violate the antitrust laws.
- **Liaison with State Officials:** FTC staff and management coordinate antitrust activities and enforcement with state attorneys general including training, consultations, and joint investigations of potentially anticompetitive mergers and business practices to the extent allowed by applicable laws.

SUPPORT

DESCRIPTIONS: SUPPORT

Support consists of management and support activities within the Federal Trade Commission (FTC). Support addresses evolving needs and develops and implements new, more efficient products and services to meet the FTC's goals and challenges. Note: Although the descriptions for the Office of Policy Planning and Office of International Affairs are included in this section, the FTE and Dollars for these offices are integrated into the Protecting Consumers and Promoting Competition sections, as their work is directly attributed to these goals.

Budget by Activity (\$ in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	FTE	Dollars	FTE	Dollars
Commissioners	41	\$7,013	41	\$7,178
Office of the General Counsel	55	\$8,945	55	\$9,157
Office of the Secretary	11	\$2,141	11	\$2,191
Office of Administrative Law Judges	6	\$970	6	\$992
Office of the Executive Director	145	\$108,718	147	\$124,517
Office of Congressional Relations	7	\$1,141	7	\$1,168
Office of Public Affairs	10	\$1,551	10	\$1,589
Office of Inspector General	6	\$1,437	6	\$1,469
Office of Equal Employment Opportunity	3	\$529	3	\$542
Total Support	284	\$132,445	286	\$148,804
Allocation of Support				
Protecting Consumers	151	\$70,968	151	\$78,343
Promoting Competition	133	61,477	135	70,461
Total Support	284	\$132,445	286	\$148,804

COMMISSIONERS

The Commissioners are responsible for ensuring the effective and efficient execution of the FTC's congressionally mandated mission. They formulate Commission policy, which guides and directs the staff's work, and allocate the required resources. They also monitor the FTC's progress in accomplishing stated goals.

OFFICE OF POLICY PLANNING

The Office of Policy Planning is responsible for developing policy recommendations on a variety of competition and consumer protection issues. Policy Planning staff research and analyze emerging issues relevant to how the free market operates in a variety of industries, competition enforcement, and the intersection of competition and consumer protection policy. The Office of Policy Planning also advocates for robust competition and consumer protection policies in a variety of federal and state venues by analyzing the competitive ramifications of certain policy approaches, making recommendations on legislation that may enhance or impede competition, gathering evidence to assess competitive problems or to identify how best to address new competitive issues, and providing legal and economic analysis where requested.

Policy Planning staff frequently obtain public input from businesses, consumer groups, academics, and other outside sources through a variety of means, such as fact-gathering workshops, roundtable policy discussions, and Section 6(b) subpoenas. The Office of Policy Planning also coordinates the FTC's advocacy role with other governmental entities and, when warranted, provides assistance in the development of enforcement matters that involve novel or complex legal issues.

OFFICE OF GENERAL COUNSEL

The General Counsel is the Commission's chief legal officer and adviser. The Office's major functions are representing the Commission in court and providing legal counsel and policy advice to the Commission, the operating bureaus, and other offices.

- **Litigation:** In its litigating capacity, the Office of General Counsel (OGC) supports both missions of the agency. The Office defends actions seeking judicial review of Commission orders and trade regulation rules, handles appeals of Commission actions seeking preliminary and permanent injunctive relief, and assists both bureaus in actions for injunctive relief in district court.

The Office also counsels staff on the conduct of law enforcement investigations, enforces civil investigative demands and other compulsory processes, advises staff on issues relating to the discovery of electronically stored information, and frequently assists staff in responding to discovery requests directed to the FTC or its staff. It assists the Department of Justice in defending cases brought to enjoin or otherwise challenge agency action, or to obtain monetary damages against the FTC or its personnel. The Office also furnishes advice and assistance concerning other litigation activities, prepares amicus curiae briefs authorized by the

Commission, and works to ensure that our adjudicatory process is efficient and fair.

- **Legal Counsel:** In its Legal Counsel capacity, the Office of General Counsel provides confidential legal guidance to the Commission on a wide range of procedural and substantive issues in adjudicative matters. It also advises the Commission and staff on legal and policy issues, such as agency jurisdiction, statutory authority, administrative procedure, and other matters relating directly to the agency's enforcement goals.

The Office counsels Commissioners and staff to ensure compliance with the Ethics in Government Act. Its work protects the agency by helping Commissioners and staff avoid conflicts of interest, by deciding whether former employees may appear in Commission proceedings, and by providing reports to the Office of Government Ethics.

- **Opinion and Analysis:** OGC assists the FTC in drafting opinions and providing all necessary support for the Commission's Part 3 functions. Staff provides an analysis of complex legal issues for the Commission, provides assistance to other offices, and contributes advice and drafting assistance on cutting-edge topics related to the FTC's enforcement responsibilities with regard to complaint recommendations, adjudicatory opinions, and appellate litigation.
- **Employment, Labor, and Appropriations:** The Office also advises and trains agency staff on personnel, labor-management relations, equal employment opportunity, procurement law, and appropriations law matters. The sound management training, advice, and representation from the Office of General Counsel helps lower the risk of improper behavior, improper management, and the possibility of individual class actions and subsequent findings for damages against the FTC. The Office represents the FTC in legal proceedings before such agencies as the Merit Systems Protection Board, the Federal Labor Relations Authority, the Equal Employment Opportunity Commission, and the General Services Board of Contract Appeals.
- **Legislative Requests and Transparency:** The Office prepares responses to formal congressional requests for documents or information about Commission actions, assists with briefings of congressional committees and subcommittees, assists in preparing testimony for congressional hearings, analyzes proposed legislation affecting the agency, and drafts or reviews Commission comments to OMB or the Congress on such legislation.

The Office also handles a number of matters related to confidentiality and access to information. The Office administers the agency's Freedom of Information Act program, and works extensively with the administration of the Privacy Act, the Government in the Sunshine Act, requests by state and federal law enforcement agencies for access to non-public documents, and requests for confidential, rather than public record, treatment of materials submitted to the Commission.

OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) is responsible for the international aspects of the FTC's goals of promoting competition and protecting consumers. As markets have become more global and the number of antitrust and consumer protection laws and agencies continues to grow, the FTC must increasingly address international issues to fulfill its competition and consumer protection objectives for American consumers.

OIA's work comprises two areas: supporting the FTC's consumer protection and competition case teams with respect to international issues and working with other nations and international organizations to promote sound competition and consumer protection policies, including providing technical assistance to enable developing competition and consumer protection agencies to obtain the legal and economic skills necessary to perform their missions.

- **Competition:** OIA assists the FTC's competition mission through advice to case teams on international issues such as access to foreign witnesses and evidence and through its work in various bilateral and multilateral fora.
 - » **Bilateral Relationships:** Effective cooperation with counterpart agencies is a necessity given the many FTC cases that involve parties based outside the United States, evidence located abroad, or matters that are under parallel review by foreign competition agencies. Pursuant to formal cooperation agreements, and a network of informal arrangements and relationships, OIA works with FTC staff and foreign agencies to achieve consistent approaches to cases of mutual concern and to promote convergence toward sound policy and enforcement.
 - » **Activities in Multilateral Competition Fora:** The FTC is a leader in the multilateral organizations that facilitate dialogue and convergence toward sound competition policy and enforcement, particularly the International Competition Network (ICN) where the FTC leads an initiative to strengthen due process protections in competition investigations, and the Organization for Economic Cooperation and Development (OECD), as well as the United Nations Conference on Trade and Development (UNCTAD) and regional organizations such as the Asia-Pacific Economic Cooperation (APEC).
 - » **Trade-Related Competition Activities:** The FTC plays an active role in the U.S. delegations that address competition issues in bilateral and regional trade agreements, such as the Trans-Pacific Partnership, and is a key partner in the negotiations surrounding the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership agreement. We also participate in the interagency process to formulate and implement competition and related policies toward China.

- **Consumer Protection:** OIA helps the FTC accomplish its consumer protection and privacy goals by building international enforcement cooperation and fostering the development of sound policies that take into account rapid technological and other changes in the global marketplace. These activities include:
 - » **Investigative and Litigation Advice and Assistance:** OIA supports case teams from BCP and OGC when international issues arise in FTC investigations and cases. OIA's work spans the range of enforcement-related activities, from providing advice and briefings on issues such as jurisdiction and service of process to obtaining evidence, including expert evidence, located abroad, to working with case teams and foreign attorneys to identify and secure foreign assets for redress.
 - » **International Enforcement Cooperation:** In 2006, Congress gave the FTC powers to combat cross-border consumer fraud more effectively through the U.S. SAFE WEB Act, which provides the FTC with key information sharing, investigative assistance, and cross-border enforcement authority. The FTC has used this authority to pursue cross-border wrongdoers robustly and effectively. Congress reauthorized the Act in 2012, and the FTC has continued to expand its use of the Act's tools. The FTC also works closely with a range of Canadian agencies on cross-border telemarketing, privacy, and Internet fraud issues and also works with regional partnerships in Europe, Africa and Latin America on enforcement issues. The FTC is also a leader in the International Consumer Protection Enforcement Network (ICPEN), a global network of consumer protection law enforcement agencies that work together to combat fraud, and it works closely with regional consumer protection networks in Asia, Africa, and Latin America. The FTC also co-chairs the London Action Plan on international spam enforcement cooperation and is an active participant in the International Mass Marketing Fraud Working Group, which includes civil and criminal law enforcers from around the world.

In the privacy area, the FTC has played a lead role in developing the Global Privacy Enforcement Network and the APEC cross-border privacy enforcement arrangement, and is an active member of the International Conference of Data Protection and Privacy Commissioners. The agency also has entered into several memorandum of understanding on enforcement cooperation on privacy-related matters with foreign counterparts. Promoting Sound Consumer Protection and Privacy Policies: OIA advocates vigorous enforcement of the key rules that protect consumers from significant harm, including from fraud, deception, and unfair practices, in the global marketplace. Examples of the FTC's activity in this area include its work on the international dimensions of emerging electronic commerce-related issues such as mobile payments, social networking, and digital content products, and the economics of consumer protection in the OECD's consumer policy committee, UNCTAD, and other international organizations.

- **International Training Assistance:**

- » **Cross-Cutting Technical Assistance:** The FTC provides technical assistance to countries in transition to market economies and that are establishing new competition and consumer protection regimes. It also shares staff investigative and analytical expertise and experience with colleagues in more advanced jurisdictions as they address more complex issues. Our program contributes to convergence toward sound policies that benefit American consumers and businesses.
- » **Investigative Training:** The FTC provides short-term training in investigative skills. The FTC also responds to requests for comments on draft competition, consumer protection, and privacy legislation and hosts foreign officials who visit the agency to study the U.S. experience in administering its antitrust, consumer protection, and privacy laws.
- » **International Staff Exchanges:** The FTC has established an International Fellows and SAFE WEB Interns program that has enabled foreign competition and consumer protection agency staff to work alongside their FTC counterparts, and an FTC staff exchange program. These programs implement the U.S. SAFE WEB Act's authorization of exchanges with foreign antitrust and consumer protection agencies. The FTC has hosted International Fellows and SAFE WEB Interns from many different jurisdictions, including Australia, the European Union, India, South Korea, the United Kingdom, and Zambia. FTC staff participated in outbound exchanges with the competition agency in the United Kingdom.

OFFICE OF THE SECRETARY

The Office of the Secretary supports the Commission decision-making process by implementing and advising the Commission and its staff on Commission voting and other decision making procedures, assigning staff recommendations and requests for action to the Commission, processing all Commission circulations and votes, and notifying the Commission and its staff of voting and other decision-making deadlines.

The Office creates official records of all Commission deliberations and actions taken. The Office also reviews, and the Secretary signs or otherwise validates, all official documents approved or authorized by the Commission. In addition, the Office forwards all Commission Notices to the Federal Register, after signature by the Secretary or the General Counsel, and manages the contract covering Federal Register publication expenditures.

The Office also maintains the agency Operating Manual, and prepares and forwards responses to most Congressional and White House correspondence raising constituent issues. In addition, the Office creates and preserves electronic copies of all relevant actions and documents in our internal document management system. The Secretary is also the legal custodian of Commission legal and public records, and is responsible

for publishing the FTC Decisions Volumes, including almost 100 volumes covering the period from 1949 to 2006, which have recently been placed on the Commission website, at ftc.gov.

OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by statutes, precedent, and rules of practice. The Administrative Law Judge holds pre-hearing conferences, resolves discovery, evidentiary and procedural disputes, and conducts the full adversarial evidentiary hearings. The judge's Initial Decision sets out relevant and material findings of fact with record citation, explains the legal standard, and applies the law to the facts.

The Office of Administrative Law Judges is also charged with conducting certain rule-making proceedings for the Commission. After a hearing on the record, the judge conducting the proceeding recommends a decision to the Commission based on findings of fact and conclusions of law.

OFFICE OF THE EXECUTIVE DIRECTOR

The Office of the Executive Director serves as the managerial and administrative arm of the Federal Trade Commission, with responsibility for the overall operation of the agency. The Office of the Executive Director works closely with the bureaus on strategic planning and assessing the management and resource implications of any proposed action. The following offices are located in the Office of the Executive Director:

- **Financial Management Office:** The Financial Management Office (FMO) is responsible for overseeing the FTC's budget formulation and execution processes, all procurement activities and related policies, development and maintenance of financial policies, ongoing assessment and monitoring of internal controls, implementing and maintaining financial systems, accounting and reporting of financial transactions, travel management, strategic planning, and performance management as required by the GPRA Modernization Act (GMA) of 2010. In fulfilling its responsibilities, FMO staff partner and collaborate with other Federal entities such as the Congress (relative to budget), the Office of Management and Budget (OMB), and the Department of the Treasury to accomplish government-wide goals and objectives.

FMO ensures the FTC complies with various financial management laws, regulations, and government-wide policies. FMO's core staff of financial management professionals aids the FTC in carrying out its mandated responsibilities, and provides agency-wide financial management direction, services, and information.

Some of the key activities performed by FMO include:

- » Assisting senior management and staff on budget development, justification, execution, and review. This includes working with FTC, OMB, and

Congressional staff to obtain appropriations and subsequent apportionment authority, distribute enacted and Commission-approved resources to agency organizations and projects, track the use of agency resources, and prepare needed reprogrammings of agency funds.

- » Recording financial transactions into the accounting system, managing the agency's general ledger, and reconciling balances with those maintained by the Department of Treasury and OMB. FMO also performs financial analysis and initiates adjusting entries as needed.
- » Preparing the FTC's consolidated financial statements and serving as primary liaison with external auditors. FMO also prepares the Annual Financial Report and consolidated Annual Performance Plan/ Annual Performance Report and directs Government Performance and Results Act activities including oversight of strategic planning and performance reporting.
- » Acquisition of all goods and services on behalf of the Bureaus and Offices, including assisting internal customers with the requisition process, statements of work, and requests for proposal, as well as assistance with contract preparation, award, and administration.
- » Managing the FTC's internal control program and coordinating activities resulting in the annual Statement of Assurance required by law.
- » Managing the FTC's financial systems that incorporate an integrated Contracting Lifecycle Management and related accounting and payment processing support services via a contract vehicle with a shared service provider.
- » Issuing the FTC's financial policies to implement laws and high-level government-wide requirements and policies (e.g., OMB Bulletins and Circulars).
- » Managing and administering credit card programs.
- » Managing E-Travel, including a comprehensive end-to-end service to plan, book, track, approve, and request reimbursement for travel.

In addition, the Chief Financial Officer also serves as the agency's Performance Improvement Officer and coordinates strategic planning and performance management activities as required by the GPRA Modernization Act.

- **Human Capital Management Office:** The Human Capital Management Office (HCMO) is responsible for enabling the FTC to accomplish its goals through workforce planning, recruitment, employee development, retention, compensation, and performance management. Activities include honors paralegal recruitment; attorney and non-attorney hiring; SES hiring; advice and guidance to managers on conduct, performance, and discipline problems; benefits; retirement counseling; administering awards; training; position classification; labor relations; administration of performance management; payroll liaison; and electronic time and attendance coordination.

HCMO ensures the FTC complies with various human resources management laws, regulations, and government-wide policies and maintains a core staff of human resources professionals to aid the FTC in carrying out its mandated responsibilities, as well as providing agency-wide human resources management direction, services, and information. Some of the key activities performed by HCMO include:

- » Assisting and advising the Bureaus and Offices in filling high-priority positions.
 - » Assisting and advising the Bureaus and Offices in resolving sensitive human resource issues.
 - » Working with Bureaus, Offices, and the employee union to ensure management complies with labor relations responsibilities when making decisions affecting personnel policies, practices, or working conditions.
 - » Leading Training Council activities to assess continually the core curriculum for critical FTC occupations.
- **Administrative Services Office:** The Administrative Services Office (ASO) is an integral component of the FTC's support service network, ensuring that other agency staff can focus on law enforcement activities. Some of the key activities performed by ASO include:
 - » Negotiating, leasing, and managing headquarters and regional offices space, including managing infrastructure renovations and repairs.
 - » Providing building and grounds management.
 - » Managing the agency's physical security, personnel security, emergency preparedness, and health and safety programs.
 - » Planning, coordinating, and supporting all types of FTC events.
 - » Coordinating the preparation for new employees, physical office moves of current employees, and the processing of employees who leave the agency.
 - » Maintaining a Customer Services Center, a one-stop shop for addressing and fulfilling a wide range of administrative requests.
 - » Managing the agency's reproduction needs, including in-house copy centers in both buildings in Washington, DC and logistical support to FTC staff working with commercial printers or the Government Printing Office.
 - » Managing agency-wide support including the mail room, courier, supply, and furniture management services.
 - » Updating and maintaining publications, including the FTC Daily, the FTC's Administrative Manual, and the FTC telephone directory.

- » Managing and administering Reimbursable Work Authorization (RWA). The FTC is required to reimburse the General Services Administration for building-related services, such as utilities and alterations in buildings, where GSA has not given the FTC authority to provide these services.
- » Coordinating the FTC's transit subsidies.
- » Providing moving, transportation, and garage services for headquarters building.
- » Providing administrative assistance and logistical support to seven regional offices.
- **Office of the Chief Information Officer:** The Office of the Chief Information Officer (OCIO) is responsible for providing the FTC with a robust, reliable, rapidly scalable, and interoperable infrastructure, and providing connectivity and computing capabilities which allow all FTC staff and mission partners to access, share, and act on needed information. OCIO also directly supports critical mission area IT development, modernization, and the enhancement of applications and systems, business services and related office automation systems; and maintains a robust cybersecurity program that includes the FTC's disaster recovery and continuity of operations efforts. One of OCIO's goals is the provision of the best available information management and information technology (IM/IT) tools and infrastructure to the FTC staff for mission success.

OCIO's IM/IT responsibilities align with and support two agency services: the direct law enforcement and goal-related systems and services as well as the vital, secure, and stable technology infrastructure that forms the basis for specific FTC mission activities. Some key activities performed by OCIO include:

- » Providing several important direct law enforcement systems and services that are critical to the FTC's law enforcement activities.
- » Supporting overall law enforcement efforts through library research and reference collection services; services provided by the FTC's Enterprise Services (or Help) Desk, including PC installation and repair; training and support in the use of information technology resources; and support of critical information systems and applications.
- » Providing a vital, secure, and stable technology infrastructure for a multitude of mission-supporting applications, systems, and services. This includes life-cycle management, where OCIO assesses and evaluates the technology infrastructure to ensure that it remains sound and that improvements produce optimal results, as well as enhancing technology products and services to ensure that they continue to meet changing business requirements.
- » Securing FTC data and information technology systems against current and emerging cybersecurity threats by using sophisticated network security technologies that provide increased system security while allowing FTC staff to

do their jobs in the most efficient manner possible. OCIO also investigates and implements emerging technology to provide a secure repository for the FTC's critical, highly sensitive data.

- » Ensuring that agency applications, processes, and internal policies, procedures, and guidelines align with all federal mandates, legislation, and guidance.
- **Records and Filings Office:** The Records and Filings Office (RFO) is responsible for the processing of legal documents in matters before the Commission, for agency records and information management, and for leading the agency's transition to electronic recordkeeping. RFO:
 - » Serves all official Commission documents, and receives and processes filings before the Commission.
 - » Manages agency-wide electronic systems that process, track and store records and information on Commission matters, including:
 - Matter Management System (MMS2), a system that records, tracks and reports administrative and statistical information about FTC investigations, litigation, rulemaking, and other matters;
 - E-Filing, a web-based application that is used to receive public and non-public filings in adjudicative proceedings conducted under Part 3 of the Commission's Rules of Practice;
 - Documentum, an electronic document management system that allows agency staff to track, search and access agency documents; and
 - StenTrack, an application that enables agency staff to request stenographic services, and RFO to process these requests and monitor funding levels.
 - » Provides Records and Information Management (RIM) support services for the creation, maintenance, use and disposition of FTC records and information. RFO:
 - Reviews recordkeeping requirements for agency systems;
 - Maintains the official record for all Commission matters;
 - Develops and administers RIM policies and training;
 - Works with stakeholders across the agency to develop information governance to manage records electronically;
 - Stores and retrieves records on- and off-site; and
 - Disposes of FTC records at the end of their retention period.
 - » Manages agency-wide stenographic services. RFO:
 - Arranges the creation and dissemination of official transcripts under the agency's stenographic court reporting contract and monitors associated funding.

- » Processes public comments in rulemakings, consent proceedings, workshops, studies and other matters that solicit public comments.
- » Maintains the adjudicative proceedings and public comments sections of ftc.gov.

OFFICE OF CONGRESSIONAL RELATIONS

The Office of Congressional Relations works closely with members of Congress and their staffs. The Office informs Commissioners and FTC staff of Capitol Hill issues and policies, and helps provide information on legislation and Congressional hearings of interest to the Commission. It also coordinates the preparation of both Congressional testimony and responses to Congressional inquiries concerning FTC policies and programs.

The Office of Congressional Relations:

- Develops, coordinates, and executes legislative advocacy for the Federal Trade Commission.
- Plans and implements liaison activities with Congress, including briefings, meetings between members of Congress and Commissioners, and constituent education events.
- Reviews legislation within the FTC's jurisdiction. Works with Congressional staff on proposed legislation affecting consumer protection and competition.
- Tracks legislation and keeps agency officials apprised of matters affecting or of interest to the FTC. Additionally, tracks press releases, floor statements, and speeches of members of Congress to anticipate and stay ahead of issues likely to result in Congressional action.
- Prepares agency witnesses for congressional testimony, including determining the scope of hearings and requested testimony, areas of specific member interest, and questions likely to be asked.
- Maintains contact with Congressional staff, keeping them abreast of major Commission actions and policy.
- Manages the FTC's responses to Legislative Referral Memorandums from the Office of Management and Budget.
- Receives and coordinates responses to incoming constituent inquiries from Congressional district, regional, and Washington offices.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs informs the news media, as well as the public at large, about the activities of the FTC. They also respond to media inquiries about Commission actions and policy.

In serving as liaison between the FTC and the media, the Office of Public Affairs:

- Arranges media appearances for the Chairwoman, Commissioners, and other senior officials.
- Ensures that Commission releases, supporting documents, and consumer and business education materials are disseminated to the media and the public on FTC websites, through use of social media, and other channels.
- Manages the FTC's official presence on Facebook and Twitter, including hosting live social chats, live-tweeting workshops, and answering public questions using social media.
- Produces a daily "News Summary" on FTC activities consisting of interesting/influential tweets, clips from newspapers, magazines, online publications, and television.
- Drafts and maintains all social media privacy impact assessments and produces weekly social mentions report to staff.
- Provides assistance to the media and bloggers involved in covering FTC activities.
- Promotes and supports major FTC outreach activities and initiatives and uses new technology, as available, to advance these efforts.
- Provides Regional FTC offices with media training and outreach support as needed.
- Produces "Weekly Calendar and Sunshine Notices" report to inform the public and the media of scheduled "open" Commission activities.
- Works with international, national, and regional media for coverage of Commission activities.
- Garners transcripts and videotapes of broadcast coverage of Commission activities.
- Coordinates with staff on publication of FTC blogs, posts, and occasionally guest posts.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) was created, in accordance with the Inspector General Act of 1978, to promote economy, efficiency, and effectiveness, and to prevent and detect fraud, waste, and abuse in agency programs and operations. The Inspector General is charged with keeping both the Commission and Congress fully and cur-

rently informed about problems and deficiencies relating to the administration of FTC programs.

OIG meets its goals by performing independent and objective audits, evaluations, and investigations of the FTC's programs and operations and by working with FTC managers to promote economy, efficiency, and effectiveness and prevent and detect fraud and abuse. OIG also conducts investigations of alleged wrongdoing on the part of agency employees and entities contracting with the FTC. The Inspector General reports semiannually to the Congress on OIG activities.

OIG also performs congressionally mandated financial statement and information security reviews which allow OIG to focus on information management, GPRA implementation, and other activities identified as important by management in the agency's strategic and performance plans. Finally, OIG participates in community-wide Council of Inspectors General on Integrity and Efficiency activities and works with other Inspectors General in multi-agency projects.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (EEO) maintains a continuing affirmative employment program to promote EEO and to identify and eliminate discriminatory practices and policies. The Office engages in proactive management strategies to identify and eliminate barriers to EEO, provides leadership and direction on EEO regulations and directives, and implements comprehensive affirmative employment initiatives that conform to Federal laws and regulations governing EEO and human resources management. The Office also manages, advises, and oversees the discrimination complaints processing system, including recommending settlements and taking final action, as well as making final decisions on complaints that are consistent with regulations and rules governing the administrative complaint process. EEO also serves as the principal advisor on EEO and affirmative employment programs, policies, and regulations including providing support and advice on issues related to EEO in all aspects of employment. The Office further promotes an inclusive and diverse work environment by maintaining relationships with affinity bar associations, serving as a member of the FTC Diversity Council, and planning and organizing cultural events for special observances throughout the year.

ADDITIONAL BUDGET EXHIBITS



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Proposed Appropriations Language

Salaries and Expenses

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed \$2,000 for official reception and representation expenses, [\$306,900,000] \$342,000,000, to remain available until expended: Provided, That not to exceed \$300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718: Provided further, That, notwithstanding any other provision of law, not to exceed [\$124,000,000] \$128,000,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: Provided further, That, notwithstanding any other provision of law, not to exceed [\$14,000,000] \$15,000,000, in offsetting collections derived from fees sufficient to implement and enforce the Telemarketing Sales Rule, promulgated under the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), shall be credited to this account, and be retained and used for necessary expenses in this appropriation: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year [2016] 2017, so as to result in a final fiscal year [2016] 2017 appropriation from the general fund estimated at not more than [\$168,900,000] \$199,000,000: Provided further, That none of the funds made available to the Federal Trade Commission may be used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t: Provided further and hereafter, That Section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1990 (15 U.S.C. 18a note) is amended- (1) in subsection (b)- (A) in the matter preceding paragraph (1), by striking "The filing fees" and inserting "Subject to subsection (c), the filing fees"; (B) in paragraph (1), by striking "\$45,000" and inserting "\$70,000"; (C) in paragraph (2)- (i) by striking "\$125,000" and inserting "\$190,000"; and (ii) by striking "and" at the end; (D) in paragraph (3)- (i) by striking "\$280,000" and inserting "\$430,000"; and (ii) by striking the period at the end and inserting "but less than \$1,000,000,000 (as so adjusted and published); and"; and (E) by adding at the end the following: "(4) \$570,000 if the aggregate total amount determined under section 7A(a)(2) of the Clayton Act (15 U.S.C. 18a(a)(2) is not less than \$1,000,000,000

(as so adjusted and published.” and (2) by adding at the end the following: “(c) For fiscal year 2019, and each fiscal year thereafter, the Federal Trade Commission shall publish in the Federal Register and increase the amount of each filing fee under subsection (b) in the same manner and on the same dates as provided under section 8(a)(5) of the Clayton Act (15 U.S.C. 19(a)(5) to reflect the percentage change in the gross national product for the fiscal year as compared to the gross national product for fiscal year 2014 except that the Federal Trade Commission- (1) shall round any increase in a filing fee under this subsection to the nearest \$5,000; (2) shall not increase filing fees under this subsection if the increase in the gross national product is less than 1 percent; and (3) shall not decrease filing fees under this subsection.” (b) This Section shall take effect on October 1, 2017.

Top Management Challenges for FY 2016

1. Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise
As the complexity of information privacy and security programs continuously evolves, the FTC must establish and maintain clear practices for planning, acquiring, implementing, maintaining, monitoring, and protecting its information technology assets, including hardware, software, and information.
<i>FY 2017 Budget Request Addresses this Management Challenge</i>
<p>The FTC's multipronged approach to addressing the evolving information technology security landscape requires continued financial support. The budget request seeks funding to:</p> <ul style="list-style-type: none">• Enhance cybersecurity by focusing on improved auditing and monitoring of the FTC network by implementing a network continuous monitoring tool that will provide a unified architecture for integrating security information and event management (SIEM), log management, anomaly detection, incident forensics and configuration and vulnerability management; and, improved authentication and authorization architecture to limit the probability of insider threats and data loss; and• Continue implementation of the FTC's information technology modernization and optimization plan to include initiatives such as:<ul style="list-style-type: none">» upgrading the network to provide stability and increased security;» moving to an external cloud-based email-hosting provider with a more secure, scalable, reliable, and efficient platform; and» implementing more robust data monitoring and logging in the Secure Investigative Lab (SIL) environment to detect and reduce the risk of data exfiltration and loss.
2. Maturing the Agency's Information Technology Governance Process
The FTC has a number of responsibilities related to protecting consumers, including advocating for protection of consumer information and consumer privacy. The FTC is dependent on the reliability and integrity of its information systems to complete its missions and protect its information assets. Consequently, the FTC is dependent on the quality of its investment analysis and IT governance practices to effectively address investment and risk management challenges
<i>FY 2017 Budget Request Addresses this Management Challenge</i>
<p>The Office of the Chief Information Officer is working with the governance members to build a repeatable and quantitative process for prioritizing and approving investments. The investment assessment now includes potential risks and mitigation, security considerations, and whether the investment will involve sensitive data.</p> <p>The budget request includes several initiatives related to protecting consumers, their information and privacy such as implementing Executive Order 13681, Improving the Security of Consumer Financial Transactions, by launching and maintaining an identity theft enhancement to the Consumer Sentinel Network; and, automating the premerger filing process. These initiatives are subject to a robust governance process that includes an integrated privacy and security review.</p>

3. Improving Contract Management
The FTC faces challenges with aspects of its contract management system, particularly with the Acquisition Branch’s guidance and oversight, execution of sound contracting techniques and approaches, and the agency’s current procurement application.
<i>FY 2017 Budget Request Addresses this Management Challenge</i>
The FTC began implementation of an electronic Contract Lifecycle Module (CLM) intended to integrate the FTC’s acquisition and financial systems, provide improved data transparency, and help the agency optimize resource management and infrastructure. CLM will greatly improve the way the FTC buys goods and services, routes requisitions, and administers and reports contract information.
The budget request includes resources needed to continue implementation of the agency’s information technology modernization and optimization plan. On-going funding is requested for continued operations and maintenance of CLM.
4. Stabilizing the Agency’s eDiscovery Support System
Through a contract award in 2012, the Electronic Discovery Support System (eDSS) was intended to enable the FTC’s two litigating Bureaus – Competition (BC) and Consumer Protection (BCP) – and eight regional offices to store, process, review, and tag large sets of data for its cases. BC case teams use the platform in litigation efforts challenging mergers and acquisitions, and anticompetitive conduct, and BCP case teams use the eDSS to support enforcement of federal consumer protection laws. However, eDSS was not effectively integrated into the FTC technical infrastructure and has experienced significant management and technical deficiencies, including cost overruns and persistent system latency. Stabilizing the eDSS is essential to enabling the FTC to accomplish its competition and consumer protection missions.
<i>FY 2017 Budget Request Addresses this Management Challenge</i>
To address this challenge, OCIO will conduct an overall analysis review of the As-Is environment for eDSS, document configuration baselines, and establish performance benchmarks for future eDSS updates. Additionally, the OCIO will define infrastructure performance metrics for a number of parameters to include server and network utilization to assist the OCIO in further determining whether performance issues arise from the application or the infrastructure.
The OCIO will begin an analysis of alternatives for the eDSS application and begin preparation for the expiration of the eDSS contract in FY 2017. This analysis of alternatives will include externally hosted solutions and determine the best option for the agency’s current and future litigation support, eDiscovery and “big data” requirements. The budget request includes funding to improve FTC’s eDiscovery tools.
5. Ensuring Compliance with Digital Records Management Requirements
Presidential Memorandum, Managing Government Records, issued November 2011 and an OMB and National Archives and Records Administration (NARA) directive on the same topic requires a government-wide effort to reform records management policies and practices and to eliminate paper and use electronic recordkeeping, including the use of an appropriate electronic system that supports records management and litigation requirements by December 31, 2016.
<i>FY 2017 Budget Request Addresses this Management Challenge</i>
The FTC plans to launch an Enterprise Content Management System (ECMS) to maintain agency records for the required retention period and to transfer permanent agency records to NARA in electronic format, and incorporate the management of email records in the ECMS. The budget request includes resources to begin the deployment of a functional enterprise content management system and meet the OMB and NARA directive on transitioning to electronic recordkeeping.

Program and Financing
(\$ in millions)

Identification Code: 29-0100-0-1-376		FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Obligations by Program Activity:				
0001	Protecting Consumers	171	176	180
0002	Promoting Competition	134	159	162
0091	Direct program activities, subtotal	305	335	342
0192	Subtotal, direct program	305	335	342
0803	Reimbursable program	...	4	1
0900	Total new obligations	305	339	343
Budgetary Resources:				
Unobligated Balance:				
1000	Unobligated balance carried forward, Oct 1	27	22	...
1021	Recoveries of prior year unpaid obligations	7	6	...
1050	Unobligated balance (total)	34	28	...
Budget Authority:				
Appropriations, discretionary:				
1100	Appropriation	180	169	199
1130	Appropriations permanently reduced
1160	Appropriation, discretionary (total)	180	169	199
Spending authority from offsetting collections, discretionary:				
1700	Offsetting collections (HSR Fees)	116	124	128
1700	Offsetting collections (Do Not Call Fees)	13	14	15
1700	Offsetting collections (Fed. Reimb. Programs)	...	4	1
1723	New and/or unobligated balance of spending authority from offsetting collections temporarily reduced
1725	Spending authority from offsetting collections precluded from obligation (limitation on obligations)	-16
1750	Spending authority from offsetting collections, discretionary (total)	113	142	144
1900	Budget authority (total)	293	311	343
1930	Total budgetary resources available	327	339	343
Change in Obligated Balances:				
Obligated balance, start of year (net)				
3000	Unpaid obligations, brought forward, Oct 1 (gross)	97	92	98
3020	Obligated balance, start of year (net)	97	92	98
3030	Obligations incurred, unexpired accounts	305	339	320
3040	Outlays (gross)	-303	-314	-318
3080	Recoveries of prior year unpaid obligations, unexpired	-7	-6	...
Obligated balance, end of year (net):				
3090	Unpaid obligations, end of year (gross)	92	111	100
3100	Obligated balance, end of year (net)	92	111	100
Budget Authority and Outlays (net):				
Discretionary:				
4000	Budget authority, gross	293	311	343
Outlays, gross:				
4010	Outlays from new discretionary authority	235	244	246
4011	Outlays from discretionary balances	68	70	71
4020	Outlays, gross (total)	303	314	318
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	0	-4	-1
4034	Offsetting governmental collections	-129	-138	-143
4040	Offsets against gross budget authority and outlays (total)	-129	-142	-144
4070	Budget authority, net (discretionary)	164	169	199
4080	Outlays, net (discretionary)	174	172	174
4180	Budget authority, net (total)	164	169	199
4190	Outlays, net (total)	174	172	174

Object Classification
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Direct Obligations			
Personnel Compensation:			
11.1 Full-time permanent	135	139	143
11.3 Other than full-time permanent	8	8	8
11.5 Other personnel compensation	1	2	2
11.8 Special personal services payments	1	1	1
11.9 Total, Personnel Compensation	145	150	154
12.1 Civilian personnel benefits	43	44	45
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	25	26	26
23.3 Communications, utilities, and miscellaneous charges	4	4	4
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	55	70	75
25.2 Other services	3	3	3
25.3 Purchases of goods and services from government accounts	9	10	10
25.4 Operation and maintenance of facilities	1	1	1
25.7 Operation and maintenance of equipment	3	3	3
26.0 Supplies and materials	1	1	1
31.0 Equipment	12	19	16
99.0 Subtotal, Direct Obligations	305	335	342
Reimbursable Obligations			
Personnel Compensation:			
11.1 Full-time permanent	---	1	1
25.3 Purchases of goods and services from government accounts	---	3	---
99.0 Subtotal, Reimbursable Obligations	---	4	1
99.9 Total, New Obligations	305	339	343

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Direct			
1001 Full-time equivalent employment	1,144	1,191	1,211
Reimbursable			
2001 Full-time equivalent employment ¹	---	1	1

¹Includes 1 FTE reimbursed by other federal agencies

Inspector General's Request



Office of Inspector General

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

February 9, 2016

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended), the Federal Trade Commission's Office of Inspector General submits the following information related to its requested budget for FY 2017:

- The Office of Inspector General (OIG) requests aggregate funding of \$1,467,000 for FY 2017.
- OIG requests \$14,000 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2017.
- OIG requests \$4,401 for support of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The requested amount satisfies all requirements for the OIG's contribution to the CIGIE in FY 2017.

<u>FY 2016 Budget</u>		<u>FY 2017 Estimate</u>		<u>Change</u>	
\$ in thousands		\$ in thousands		\$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
6	\$1,437.0	6	\$1,467.0	0	\$30

The OIG plans to request additional FTE during FY 2016 and in the FY 2018 budget cycle to address the increased IG evaluation and audit responsibilities and to work with the agency to address three new [Top Management Challenges](#) identified in FY 2015 (Maturing the Agency's Information Technology Governance Process; Improving Contract Management; and Stabilizing the Agency's eDiscovery Support System); other evaluations bearing on the efficiency, effectiveness, and integrity of FTC activities and programs; as well as other investigative matters.

Roslyn A. Mazer
Inspector General
Federal Trade Commission