

# FEDERAL TRADE COMMISSION PERFORMANCE PLAN



**FISCAL YEARS 2007 AND 2008**  
**INCLUDING**  
**PRESIDENT'S MANAGEMENT AGENDA**



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# FEDERAL TRADE COMMISSION



## PERFORMANCE PLAN TABLES

## Budgeted Resources by Objective (\$ in thousands)

### Consumer Protection Mission

Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace	FY 2007 FTE	FY 2007 Amount	FY 2008 FTE	FY 2008 Amount
Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury	92	\$24,416	94	\$26,844
Objective 1.2 Stop fraud, deception and unfair practices through law enforcement	397	\$84,038	405	\$89,860
Objective 1.3 Prevent consumer injury through education	50	\$11,157	52	\$15,338
Objective 1.4 Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange	30	\$6,780	30	\$7,080
<b>Total:</b>	<b>569</b>	<b>\$126,391</b>	<b>581</b>	<b>\$139,122</b>

### Maintaining Competition Mission

Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace	FY 2007 FTE	FY 2007 Amount	FY 2008 FTE	FY 2008 Amount
Objective 2.1 Identify anticompetitive mergers and practices that cause the greatest consumer injury	54	\$10,314	55	\$10,855
Objective 2.2 Stop anticompetitive mergers and practices through law enforcement	401	\$76,749	398	\$80,257
Objective 2.3 Prevent consumer injury through education	31	\$5,912	31	\$6,196
Objective 2.4 Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange	19	\$3,634	19	\$3,809
<b>Total:</b>	<b>505</b>	<b>\$96,609</b>	<b>503</b>	<b>\$101,117</b>

## Objectives by Program FTE

Consumer Protection Mission	Fiscal Year 2007					Fiscal Year 2008				
	Objective Number:				Total FTEs	Objective Number:				Total FTEs
	1	2	3	4		1	2	3	4	
Privacy & Identity Protection	5	27	2	2	36	6	31	2	3	42
Financial Practices	4	42	2	4	52	4	42	2	4	52
Marketing Practices	6	102	2	2	112	6	102	2	2	112
Advertising Practices	6	46	1	3	56	6	46	1	3	56
Enforcement	4	57	2	1	64	4	57	2	1	64
Planning & Information	38	4	2	---	44	39	5	2	---	46
International Consumer Protection	---	---	---	2	2	---	---	---	---	---
Consumer & Business Education	---	---	21	1	22	---	---	23	1	24
Economic & Consumer Policy Analysis	---	1	1	3	5	---	1	1	3	5
Program Management	5	15	3	4	27	5	15	3	4	27
CP Mission Support	24	103	14	8	149	24	106	14	9	153
<b>Total Mission:</b>	<b>92</b>	<b>397</b>	<b>50</b>	<b>30</b>	<b>569</b>	<b>94</b>	<b>405</b>	<b>52</b>	<b>30</b>	<b>581</b>

Maintaining Competition Mission	Fiscal Year 2007					Fiscal Year 2008				
	Objective Number:				Total FTEs	Objective Number:				Total FTEs
	1	2	3	4		1	2	3	4	
Premerger Notification	14	1	8	1	24	14	1	8	1	24
Merger & Joint Venture Enforcement	13	163	7	4	187	13	161	7	4	185
Merger & Joint Venture Compliance	1	9	1	1	12	1	9	1	1	12
Nonmerger Enforcement	7	108	4	3	122	7	107	4	3	121
Nonmerger Compliance	---	1	---	---	1	---	1	---	---	1
Antitrust Policy Analysis	1	2	1	3	7	1	2	1	3	7
Other Direct Mission Resources	4	12	2	2	20	4	12	2	2	20
MC Mission Support	14	105	8	5	132	15	105	8	5	133
<b>Total Mission:</b>	<b>54</b>	<b>401</b>	<b>31</b>	<b>19</b>	<b>505</b>	<b>55</b>	<b>398</b>	<b>31</b>	<b>19</b>	<b>503</b>

## Annual Performance Measures Fiscal Years 2007- 2008

Note: The Performance Measures for Fiscal Years 2007 and 2008 reflect the updates contained in the Federal Trade Commission’s GPRA Strategic Plan for Fiscal Years 2006-2011. These measures continue to use the numbering schema from previous years to maintain historical integrity. The Performance Measures for Fiscal Years 2007 and 2008 appear in the sequence in which they are presented in the Federal Trade Commission’s GPRA Strategic Plan for Fiscal Years 2006-2011.

	FY 2007 Target	FY 2008 Target
<b>Consumer Protection Mission</b>		
<b>Goal 1: To prevent fraud, deception, and unfair business practices in the marketplace.</b>		
<b>Objective 1.1–Identify fraud, deception, and unfair practices that cause the greatest consumer injury:</b>		
Measure 1.1.1: Collect and enter complaints and inquiries into the consumer database.	1.0 million	1.05 million
Measure 1.1.3: Determine the percent of agency’s consumer protection law enforcement actions that are responsive to the consumer complaint information gathered by the agency.	50%	50%
<b>Objective 1.2–Stop fraud, deception, and unfair practices through law enforcement:</b>		
Measure 1.2.5: Stop fraudulent and deceptive practices by obtaining orders.	130	130
Measure 1.2.1: Stop economic injury to consumers through law enforcement resulting in savings to consumers.	\$400 million	\$400 million
<b>Objective 1.3–Prevent consumer injury through education:</b>		
Measure 1.3.1: Track consumer protection messages accessed online or in print.	45 million	50 million
Measure 1.3.2: Track consumer protection messages, related to identity theft, accessed online or in print.	8 million	9 million
Measure 1.3.3: Track consumer protection messages, in Spanish, accessed online or in print.	2.2 million	3.0 million
Measure 1.3.4: Track the number of times print media publish articles that refer to FTC consumer protection activities and the circulation of the media that publish those articles.	establish baseline	establish baseline
<b>Objective 1.4–Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange:</b>		
Measure 1.4.1: Convene or participate substantially in workshops and conferences on novel or challenging consumer protection problems or issues.	6	6
Measure 1.4.2: Issue reports on novel or challenging consumer protection problems or issues.	8	8
Measure 1.4.3: File public and advocacy comments with other federal and state government agencies.	6	6
Measure 1.4.4: Cooperate with foreign government agencies on enforcement matters with cross-border components.	20	20
Measure 1.4.5: Provide policy or technical input to foreign government agencies or international organizations on consumer protection issues.	20	20



	FY 2007 Target	FY 2008 Target
<b>Maintaining Competition Mission</b>		
<b>Goal 2: To prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.</b>		
<b>Objective 2.1—Identify anticompetitive mergers and practices that cause the greatest consumer injury:</b>		
Measure 2.1.4: Track the number of enforcement actions for the total mission, and separately for the merger and nonmerger programs.	establish baseline	establish baseline
Measure 2.1.1: Achieve positive outcomes in matters in which HSR requests for additional information are issued.	At least 90%	90%
Measure 2.1.5 Report the number of second requests, reportable transactions for which pre-merger notifications were received, HSR investigations that resulted in enforcement action, transactions in which antitrust issues were resolved through voluntary abandonment or restructuring because of FTC concerns, and investigations closed because the evidence indicated that a competitive problem was unlikely.	establish baseline	establish baseline
Measure 2.1.3: Achieve positive outcomes in significant nonmerger investigations.	At least 90%	90%
Measure 2.1.6: Track the number of significant nonmerger investigations closed each year, with or without enforcement action.	establish baseline	establish baseline
<b>Objective 2.2—Stop anticompetitive mergers and practices through law enforcement:</b>		
Measure 2.2.1: Achieve positive results in cases in which the FTC takes enforcement actions.	80%	80%
Measure 2.2.3: Take action against mergers likely to harm competition in markets with annual sales that meet the target.	\$25 billion	\$25 billion
Measure 2.2.2: Achieve savings for consumers through merger enforcement.	\$500 million	\$500 million
Measure 2.2.6 Save consumers more than the amount of agency resources allocated to merger programs.	600%	600%
Measure 2.2.5: Take action against anticompetitive conduct in markets with annual sales that meet the target.	\$8 billion	\$8 billion
Measure 2.2.4: Achieve savings for consumers through nonmerger enforcement.	\$80 million	\$80 million
Measure 2.2.7: Save consumers more than the amount of agency resources allocated to nonmerger enforcement programs.	400%	400%
<b>Objective 2.3—Prevent consumer injury through education:</b>		
Measure 2.3.2: Track the volume of traffic on the ftc.gov antitrust related pages that are relevant to policymakers, the business and legal communities, and the public at large.	establish baseline	establish baseline
Measure 2.3.5: Track the number of times print media publish articles that refer to FTC competition activities and the circulation of the media that publish those articles.	establish baseline	establish baseline
<b>Objective 2.4—Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange:</b>		
Measure 2.4.6: Track the volume of traffic on ftc.gov relating to competition research, reports, advocacy, and international cooperation and exchange.	establish baseline	establish baseline
Measure 2.4.1: Convene or participate substantially in workshops, conferences, seminars, and hearings involving significant competition-related issues.	4	4
Measure 2.4.2: Issue studies, reports, and working or issues papers on significant competition-related issues.	8	8
Measure 2.4.3: Make advocacy filings with other federal and state government agencies urging them to assess the competitive ramifications and costs and benefits to consumers of their policies.	6	6
Measure 2.4.4: Issue advisory opinions to persons seeking agency review of proposed business actions.	2 to 3	2 to 3
Measure 2.4.5: File amicus briefs with courts addressing competition-related issues.	2 to 3	2 to 3
Measure 2.4.7: Track the number of cases on which the FTC cooperated with a foreign competition authority, number of consultations with or comments to foreign competition authorities, number of written submissions on international fora, number of international events attended, and number of leadership positions held by FTC staff in international competition organizations.	establish baseline	establish baseline

## Annual Performance Measures - Historical Fiscal Years 2002- 2006

<b>Consumer Protection Mission</b>	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual
Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace					
<b>Objective 1.1</b>					
Identify fraud, deception, and unfair practices that cause the greatest consumer injury:					
Measure 1.1.1: Annual number of consumer complaints and inquiries entered into database.	680,000	944,000	994,000	1,015,000	950,000
Measure 1.1.2: Annual number of consumer complaints and inquiries related to identity theft entered into database.	----	321,000	314,000	348,000	350,000
<b>Objective 1.2</b>					
Stop fraud, deception and unfair practices through law enforcement:					
Measure 1.2.1: Dollar savings for consumers from FTC actions which stop fraud.	\$561 million	\$606 million	\$349 million	\$366 million	\$400 million
Measure 1.2.2: Total expenditures of deceptive or unfair advertising campaigns stopped.	\$40 million	----	----	----	----
Measure 1.2.3: Number of data searches conducted by FTC and law enforcement personnel of the FTC's Consumer Sentinel database.	----	27,685	87,000	79,000	40,000
Measure 1.2.4: Number of data searches conducted by law enforcement personnel of the FTC's identity theft database.	----	2,167	2,120	1,680	2,100
<b>Objective 1.3</b>					
Prevent consumer injury through education:					
Measure 1.3.1: Number of education publications distributed to or accessed electronically by consumers.	19.3 million	28.0 million	26.5 million	35.3 million	25.0 million
Measure 1.3.2: Number of education publications related to Identity Theft distributed to or accessed electronically by consumers.	----	3.0 million	3.7 million	6.0 million	3.3 million
Measure 1.3.3: Number of Spanish-language education publications distributed to or accessed electronically by consumers.	----	458,000	737,000	1,157,000	550,000

## Annual Performance Measures - Historical Fiscal Years 2002- 2006

<b>Maintaining Competition Mission</b> Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual
<b>Objective 2.1</b> Identify anticompetitive mergers and practices that cause the greatest consumer injury:					
Measure 2.1.1: Percent of HSR second requests resulting in enforcement action.	68%	70%	55%	52%	60-80%
Measure 2.1.2: Number of nonmerger investigations opened per year.	59	50	----	----	----
Measure 2.1.3: Percent of nonmerger investigations which result in enforcement action.	----	----	63%	50%	60-80%
<b>Objective 2.2</b> Stop anticompetitive mergers and practices through law enforcement:					
Measure 2.2.1: Positive outcome of cases brought by FTC due to alleged violations.	100%	100%	100%	95%	80%
Measure 2.2.2: Dollar savings for consumers resulting from FTC actions stopping anticompetitive mergers.	\$726 million	\$292 million	----	----	----
Measure 2.2.3: Dollar volume of commerce in markets in which FTC took action to prevent anticompetitive mergers.	----	----	\$8.5 billion	\$61.8 billion	\$40 billion
Measure 2.2.4: Dollar savings for consumers resulting from FTC actions stopping anticompetitive nonmerger activity.	\$86 million	\$211 million	----	----	----
Measure 2.2.5: Dollar volume of commerce in markets in which FTC took action to prevent anticompetitive conduct.	----	----	\$2.6 billion	\$19.4 billion	\$20 billion
<b>Objective 2.3</b> Prevent consumer injury through education:					
Measure 2.3.1: Quantify number of education and outreach efforts.	285	306	----	----	----
Measure 2.3.2: Quantify number of hits on antitrust information on FTC Web site.	4.4 million	Over 10 million	----	9.8 million	10 million
Measure 2.3.3: Measure and establish appropriate targets for the number of hits on the FTC antitrust Web site relevant to business and legal communities.*	----	----	7.7 million	----	----
Measure 2.3.4: Measure and establish appropriate targets for the number of hits on the FTC antitrust Web site relevant to policy makers and the general public.*	----	----	0.3 million	----	----

\*For FY 2004, Objective 2.3 has two different components - educating the legal and business communities about enforcement policies and standards to facilitate compliance with the law, and (2) educating the public in general, as well as policymakers, about the benefits of competition. For this reason, the FTC established two performance measures based on the volume of traffic on the FTC's Internet site. See Federal Trade Commission Strategic Plan, Fiscal Years 2003 - 2008 at 17. While the underlying rationale remains sound, this distinction has proved far more difficult to implement than first anticipated. Much of the antitrust-related content on the FTC's Internet site, such as press releases and speeches, is of interest to the general public as well as the business and legal communities. Some material is likely relevant primarily to the business and legal communities, very little (e.g., the FTC's "Plain English Guide to the Antitrust Laws") could be said to be of interest only to the general public. Because it is very difficult to make a meaningful distinction between the FTC's relative success in educating the business and legal communities versus the general public, the agency discontinued Measures 2.3.3 and 2.3.4 and re-established Measure 2.3.2 which is the total volume of antitrust-related Internet traffic on the FTC Web site.



# FEDERAL TRADE COMMISSION



## FISCAL YEAR 2007 PERFORMANCE PLAN



# Consumer Protection Mission

## Fiscal Year 2007

### **GOAL 1: TO PREVENT FRAUD, DECEPTION, AND UNFAIR BUSINESS PRACTICES IN THE MARKETPLACE**

To fulfill its consumer protection mission, 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 newly emerging methods of fraud or deceit, to address these problems more effectively. The FTC reports this information to other law enforcement authorities and encourages those authorities to assist in its efforts, either independently or jointly. In this way, the FTC can leverage its resources by ensuring multiple “cops on the beat.”

### **Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury**

To fulfill this objective, 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 ([www.donotcall.gov](http://www.donotcall.gov)); and (4) the online consumer complaint forms that support each of these efforts, as well as online complaint forms dedicated to members of the U.S. Armed Forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including law enforcement agencies, Better Business Bureaus, and private entities. The agency makes this and other information available online to its law enforce-

ment partners through a secure Internet Web site. Currently, that site is accessed by more than 1,600 law enforcement partner agencies in the United States, Canada, and Australia. The FTC's law enforcement partners and other groups also identify issue areas and refer targets. Since 1998, the FTC has maintained an electronic mailbox (spam@uce.gov) to which Internet customers are encouraged to forward spam. This spam is stored in a searchable database enabling the FTC staff to track trends and identify law enforcement targets when researching potential cases. In addition, the agency augments identification of targets from its databases with traditional strategies for generating enforcement leads.

## Strategies

- Continue to upgrade and enhance the online consumer complaint database and Web site to respond to increasing demands and maintain it as the premier consumer protection law enforcement information resource.
- Improve and expand the tools that are provided through this Web site by pulling multiple systems together onto one platform and making it the gateway for law enforcement officials who want information about the consumer protection problems affecting consumers.
- Expand the pool of entities that make their consumer complaint data available to the law enforcement community through this Web site.
- Improve information sharing with law enforcement partners through this Web site.



- Continue outreach to international law enforcement partners and organizations to improve information sharing.
- Continue to strengthen the FTC's capabilities to analyze the increasing volume of consumer complaints and augment complaints with other sources to develop case leads and identify new or emerging concerns.
- Monitor the marketplace to identify illegal practices that may not be fully captured by the database, for example, through the FTC Internet Lab, spam database, Web surveys (surfs), and through consumer surveys, such as the recent fraud and identity theft surveys.
- Ensure the quality, security, and integrity of the database and Web site information.

### **FY 2007 Implementation Plan**

- Upgrade and enhance the online consumer complaint database and Web site and maintain it as the premier consumer protection law enforcement information resource.
- Recruit state, local, federal, and international law enforcement agencies to join the online Web site and contribute complaint data, and train them to take full advantage of its features.
- Make comprehensive consumer complaint information, as well as the analysis of that information, available to the FTC's law enforcement partners through its secure Web site.

- Improve the capacity to receive and integrate complaints from U.S. and international sources and facilitate the exchange of that data with law enforcement officials in the U.S. and other countries.
- Encourage consumers to report fraud, identity theft, and do not call complaints by increasing public awareness of the complaint process.
- Maintain service levels to consumers who contact the FTC, as the volume of contacts is expected to increase due to FACT Act outreach obligations.
- Mine the reported complaint data to identify enforcement targets and provide pertinent information to public and private sector partners.
- Coordinate with enforcement partners and other sources of case generation leads, and conduct advertising reviews, test shopping, and Web surfs.

## **FY 2007 Performance Measures**

- Collect and enter into the FTC's consumer information system more than 1 million complaints and inquiries.
- Determine if at least one-half of the agency's consumer protection law enforcement actions are responsive to the consumer complaint information gathered by the agency.

The FTC mines the complaint data and other information it collects to identify and target the most serious cases of fraud and deception and respond

quickly to emerging problems. The agency also makes this information available to its law enforcement partners. Information sharing helps the agency coordinate its efforts to fight the many serious problems facing consumers. These performance measures will ensure that the agency's enforcement activities are targeted at areas of greatest consumer concern, thus making the agency responsive to consumer needs and changes in the marketplace and efficient in its consumer protection efforts. They also will help the agency effectively leverage law enforcement resources by sharing this important information.

## Program Evaluations

- Assess whether the FTC's law enforcement and education efforts are addressing the leading areas identified by the consumer complaint information gathered by the agency.
- Assess the extent to which the consumer complaint and other information made available by the agency is used by staff and its law enforcement partners. Implement changes to increase usage to assist ongoing investigations and identify new targets.
- Review current functions, determine what changes or upgrades to the database would be helpful, and implement those changes.
- Assess security and integrity protections for the database and proposed enhancements to the database and evaluate the policies in place.

In conducting its program evaluations under this objective, as well as each of the other objectives set forth in this strategic plan, the FTC will work to (1) improve the integration of budget and performance by linking goals and objectives to results, (2) develop improved processes for collection, use, and analysis of management data, and (3) follow a basic standard of data quality, including objectivity, utility, and integrity for the information used in measuring performance, and for any performance or other data that the agency may distribute publicly.

### **Objective 1.2: Stop fraud, deception, and unfair practices through law enforcement**

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 an increasing number of statutes and rules proscribing specific unlawful practices. The agency initiates civil cases, primarily by filing actions in federal court, which allege that defendants have violated these laws and rules and seek injunctions and other relief.

The FTC will continue its efforts to protect consumers' private information by educating consumers about how to protect their important data, and enforcing relevant laws when consumers' data is stolen or a company's security is breached. The FTC also will continue to focus on the Telemarketing Sales Rule (including the National Do Not Call Registry), identity theft, and the Children's Online Privacy Protection Act, as well as enforcement of the Gramm-Leach-Bliley Act and the FACT Act. Other enforcement efforts in privacy will center on cases involving claims touting the privacy and security features of products and services.

### **Privacy and Data Security**

### **Spam, Spyware, and Other High-Tech Problems**

The FTC will continue to direct resources to enforce the FTC Act's prohibition on deceptive and unfair practices and the CAN-SPAM Act, as well as working to stop spyware and other high-tech problems that plague consumers. The FTC will continue to bring cases against those who abuse technology and oversee initiatives to educate consumers on how to avoid these problems.

### **Globalization**

The FTC will continue to be involved in law enforcement and policy development efforts on the world stage. Law enforcement cases increasingly involve an international component as defendants, their operations, or their assets are moved offshore. This makes it difficult to locate and stop scams or to provide redress to consumers. The FTC is meeting these challenges by sustaining international partnerships to assist in identifying and pursuing these cases. As the FTC continues to develop initiatives relating to cross-border fraud, the agency will work to measure and report its performance in this area. On the policy side, the FTC is promoting international development of market-oriented consumer protection policies, when such policies adequately address consumer harm.

### **Hispanic Enforcement Initiative**

The FTC will continue its vigorous pursuit of scammers targeting the Hispanic community, as it continues to take law enforcement action and work with its partners to fight fraud in this community.

### **Health Care Products and Services**

The deceptive marketing of products that may affect consumer health and safety will continue to be an FTC priority. The FTC will focus on health care products, including dietary supplements. Consumer demand for such products is increasing, and fraudulent or deceptive claims about these products can pose risks to consumers' well-being.

For most consumers, access to credit is essential to full participation in the nation's economy. The FTC will target schemes that involve deceptive credit counseling and debt management services, as scam artists take money from consumers who already are struggling to make ends meet. Bogus organizations target consumers with bad credit or significant consumer debt, promising to help them manage their debt or obtain credit otherwise unavailable to them. Consumers may pay hundreds of dollars for these services, only to receive nothing in return, or worse, to see their credit damaged even further. Some unscrupulous lenders deceive consumers about loan terms, rates, or fees. The FTC will continue enforcement efforts in collaboration with other law enforcement agencies and outreach to industry and consumers. The FTC also will continue to bring cases against companies engaged in deceptive debt collection practices.

The FTC will continue to promote the work of its Criminal Liaison Unit (CLU), dedicated to encourage criminal prosecution of consumer fraud by coordinating with criminal law enforcement authorities on consumer fraud cases. CLU identifies law enforcement agencies and case agents for referral of specific types of consumer fraud cases, educates criminal law enforcement authorities about the FTC and its mission, and coordinates training of FTC staff by criminal law enforcement to help staff prepare cases for referral and ensure smooth progress of parallel prosecutions.

### **Deceptive Credit Counseling Services and Lending Practices**

### **Liaison with Criminal Law Enforcers**

## **Strategies**

- Focus agency enforcement on cutting-edge issues that threaten consumer protection in emerging areas, including e-commerce, globalization, and the marketing of new products and services.

- Stop injury to consumers by applying fundamental consumer protection principles to new practices, such as those arising from emerging payment systems and the convergence of information technologies.
- Halt advertising and marketing practices that are most injurious to consumers or that prey on specific groups of vulnerable consumers.
- Challenge practices that threaten consumer privacy.
- Enforce consumer credit statutes and rules to protect consumers from deceptive lending practices and other illegal credit practices.
- Use the results of the consumer fraud and identity theft surveys to determine where enforcement needs are greatest and meet these needs with targeted enforcement efforts.
- Update, rescind, or promulgate trade regulation rules and other agency rules in response to regulatory reviews and Congressional mandates.
- Create and implement a comprehensive order-enforcement program that targets those individuals and corporations that violate federal court and administrative orders obtained by the FTC.
- Promote the criminal prosecution of the most egregious fraud violators through coordination and cooperation with criminal law enforcement authorities.
- Continue to coordinate with local, state, federal, and international law enforcement partners for initiatives and sweeps.

## FY 2007 Implementation Plan

- Target law enforcement toward violations that create the greatest risks to consumer health, safety, and economic well-being by reviewing complaints, evaluating practices in the marketplace, and monitoring industry data and other information.
- Enforce protections for consumers from fraud, deception, and other abuse perpetrated through different media such as direct mail, telemarketing, Web sites, and new technologies.
- Monitor national advertising in print, television, radio, and online to identify illegal practices that may not be captured fully by the complaint database.
- Identify industries whose consumer data is at high risk and use law enforcement to promote better data security practices through enforcement of the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, and Section 5 of the FTC Act.
- Administer and enforce the National Do Not Call Registry.
- Enhance government efforts to deter, prevent, defend, investigate, and prosecute identity theft through participation in the Identity Theft Task Force and through the FTC's own program.
- Participate in international consumer protection organizations that share information about cross-border commercial activities that may affect consumer interests.



- Identify key areas of noncompliance in the consumer credit reporting system.
- In rulemakings, evaluate the regulatory effect on industry, consumers, and other parties, invite public comment, coordinate with other agencies, and promulgate rules accordingly.
- Develop and maintain a new order-enforcement database to better monitor compliance with federal court and administrative orders and bring actions against those individuals and companies that violate those orders.
- Train FTC staff to improve investigative and litigation skills through formal programs that teach best practices used in government and private industry.
- Increase the FTC's capacity to respond rapidly to fast-moving technology-based scams by enhancing the Internet Lab and increasing tech-savvy litigation support.
- Leverage FTC enforcement resources by recruiting, supporting, and coordinating local, state, federal, and international law enforcement partners for initiatives and sweeps.
- Work with criminal prosecutors and investigators to promote criminal prosecution of FTC fraud defendants and those who assist their deceptive practices.
- Continue to integrate e-government initiatives into mission activities.

## FY 2007 Performance Measures

- Stop fraudulent, deceptive, unfair, and other practices by obtaining at least 130 orders.
- Stop approximately \$400 million in economic injury to consumers through law enforcement.

Preventing economic injury to consumers is the principal goal of the FTC's law enforcement efforts. The FTC prevents consumer injury each time it stops unlawful conduct through litigation or settlement. The FTC prevents even more injury by leading joint law enforcement initiatives with federal, state, and international partners. The amount of injury it prevents will vary each year based on the number and types of illegal activity stopped.

The FTC calculates the economic harm caused to consumers by totaling the estimated annual fraudulent sales of defendants or other economic injury to consumers in the 12 months prior to the FTC's filing a complaint. The calculation actually underestimates the agency's impact because it ignores the deterrent effect of FTC enforcement.

The FTC targets its enforcement resources towards areas of greatest risk to consumer health, safety, and economic well-being, with particular attention to emerging threats from new practices or technologies. These measures will help guide deployment of the agency's enforcement activities to ensure that they provide the most efficient level of protection to consumers.

## Program Evaluations

- Measure the percentage (in full-time equivalent staff years) of the FTC's consumer protection law enforcement resources focused on emerging practices or technologies.
- Evaluate whether enforcement activities are tracking the areas of greatest concern and injury to consumers and whether there are new practices or technologies that require additional consumer protection law enforcement.

### Objective 1.3: Prevent consumer injury through education

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. From time to time, the agency conducts pre-emptive 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 under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft Web site addresses and toll-free numbers in an ongoing effort to increase public awareness of its programs and inform the public of the ways to contact the FTC to obtain information or file a complaint.

## Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury.
- Leverage resources (by working with federal, state, local, international, and private sector partners) to maximize the reach of consumer and business education campaigns.
- Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being.
- Use the results of the consumer fraud and identity theft surveys to determine where education needs are greatest and meet these needs with targeted education efforts.
- Increase public awareness of consumer protection problems and solutions by conducting and publishing studies and filing advocacy comments on changes in the marketplace and the impact of business and government actions on consumers.

## FY 2007 Implementation Plan

- Deliver efficiently and effectively educational information in English and Spanish to consumers, industry members, and law enforcement partners on how to prevent consumer injury, avoid unlawful business practices, and enhance consumer welfare.

- Focus efforts on high-profile or emerging issues – for example, Internet scams, online privacy, identity theft, and financial literacy – to close information gaps.
- Find new and creative ways to reach consumers with information about marketplace issues that can cause them financial injury and to reach businesses with information that increases knowledge about consumer risks and compliance.
- Monitor, review, and provide guidance to parents and children on marketing that may affect children and teenagers.
- Build partnerships with industry and advocacy organizations to lead more visitors to the FTC’s Web site ([www.ftc.gov](http://www.ftc.gov)) and to other issue-oriented Web sites developed by the FTC such as, [www.DoNotCall.gov](http://www.DoNotCall.gov), [www.OnGuardOnLine.gov](http://www.OnGuardOnLine.gov), and [www.DontServeTeens.gov](http://www.DontServeTeens.gov).
- Continue to build relationships with international organizations to educate consumers and businesses about cross-border consumer protection issues.
- Increase media coverage to broadcast the agency’s education message to a broader audience.
- Work toward implementing a toll-free number that provides certain disclosures to consumers about open end credit plans, as required by the Bankruptcy Abuse Prevention and Consumer Protection Law of 2005.

## **FY 2007 Performance Measures**

- Track if FTC's consumer protection messages are accessed online or in print a total of more than 45 million times.
- Determine if, included in the total of FTC's consumer protection messages accessed online or in print, the messages relating to identity theft are accessed more than 8 million times.
- Determine if, included in the total of FTC's consumer protection messages accessed online or in print, the messages in Spanish are accessed more than 2.2 million times.
- Track the number of times external print media, such as newspapers, magazines, business and trade journals, and professional journals, publish articles that refer to FTC consumer protection activities and the circulation of the media that publish those articles to help determine the reach of FTC's education efforts.

Consumer and business education are crucial tools in preventing and reducing consumer harm efficiently and effectively. These performance measures will help ensure that the agency is engaging in a sufficient amount of educational activity and that the educational materials are aimed at new trends and at particularly vulnerable populations.

## **Program Evaluations**

- Measure the number of education messages disseminated each year relating to high-profile or emerging issues where consumer and business education can help alleviate consumer injury.

- Assess whether the appropriate mix of media is being used to communicate consumer education messages and whether the FTC is making the most efficient use of available media and technology.
- Assess the number and range of public and private sector organizations that partner with the FTC on outreach.
- Determine whether the FTC needs to reach new audiences, in light of any changes in demographics, advertising, and marketing practices, and what strategies or partnerships may allow the FTC to reach those audiences.
- Review the focus of FTC education efforts and adjust them based on changing consumer and business needs.
- Continue to assess the consumer information needs of the Spanish-speaking population.

#### **Objective 1.4: Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange**

The FTC uses a variety of strategies in addition to law enforcement and education to enhance consumer welfare. The agency convenes conferences and workshops through which experts and other experienced and knowledgeable parties identify novel or challenging consumer protection issues and discuss ways to address those issues. The FTC also issues reports that Congress has mandated or that the agency has prepared on its own initiative that analyze consumer protection problems and suggest public and private sector policies to address them, such as self-regulatory efforts. Further, the FTC files comments with federal and state gov-

ernment bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. In particular, the agency testifies before Congress on consumer protection issues. The FTC engages in a variety of international cooperation, exchange, and advocacy activities designed to promote market-based consumer protection policies and effective cross-border coordination. The FTC also files amicus briefs to aid courts' considerations of important consumer protection issues.

## Strategies

- Focus workshops and conferences on emerging or challenging consumer protection problems, especially those related to new technologies.
- Issue reports mandated by law and other reports that articulate concrete measures that the public and private sectors could take to address consumer protection problems, particularly those related to new technologies or emerging technologies.
- Target advocacy activities to encourage state, federal, and foreign government policymakers to evaluate both the costs and benefits of their policies for consumers, emphasizing the impact on consumers of policies that unnecessarily affect the dissemination of truthful, non-misleading information to consumers and the interplay of competition and consumer protection concerns.
- Use letters and public comments to urge state, federal, and foreign government policymakers to consider consumer research and other empirical data in their decisions regarding the costs and benefits of their policies for consumers.



- Pursue the development of an international market-based consumer protection model, which focuses on protecting consumers from significant harm while maximizing economic benefit, consumer access to information, and consumer choice.
- Encourage industry self-regulation where consumer protection problems are emerging, industry has a comparative advantage in addressing the problems, or legal or practical limitations constrain the government's ability to act.

### **FY 2007 Implementation Plan**

- Identify novel or challenging consumer protection problems, especially those related to new technologies.
- Convene workshops and conferences and issue reports (including those required by law) concerning such consumer protection problems.
- Analyze federal and state government policies and identify those that impose costs on consumers that may exceed their benefits to consumers, especially policies that affect the dissemination of truthful, non-misleading information to consumers.
- File comments or otherwise engage in advocacy with state, federal, and foreign government policymakers that evaluate both the costs and benefits of proposed policies on consumers, with a particular emphasis on the role of consumer research and other empirical data in their decisions, and an awareness of the intersection of competition and consumer protection concerns.

- File amicus curiae briefs in state and federal courts urging adoption of legal principles that promote consumer welfare.
- Present major policy speeches that discuss emerging or challenging consumer protection problems and explain the FTC's approach to them.
- Participate in international organizations to promote effective market-oriented consumer protection and privacy policies.
- Identify through monitoring or other means consumer protection problems that industry self-regulation could effectively combat and work with industry to adopt such self-regulatory measures.
- As mandated by Congress, perform a major, nationwide data gathering of 1,000 consumers' credit reports to determine their accuracy with feedback from the scored consumers.

## **FY 2007 Performance Measures**

- Convene or participate substantially in approximately six workshops and conferences and issue approximately eight reports on topics such as novel or challenging consumer protection problems, including issues related to the scope and effectiveness of self-regulation.
- File approximately six public and advocacy comments with other federal and state government bodies helping them to assess the costs and benefits to consumers of their policies and the implication of consumer research and other empirical data for their policy decisions, where appropriate.

- Cooperate with foreign government agencies on at least 20 enforcement matters with cross-border components.
- Provide policy or technical input to foreign government agencies or international organizations in at least 20 instances involving consumer protection.

Public policy that enhances consumer welfare is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, may be better placed to address certain consumer protection issues. These performance measures will help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, as well as careful study of and empirical research on novel or challenging consumer protection problems. These activities will help enhance consumer welfare by guiding the FTC's consumer protection policy decisions, as well as the decisions of other state, federal, and international policymakers.

## **Program Evaluations**

- Include evaluation forms with workshop and conference materials to help assess whether the workshops and conferences are an effective means of joining the debate relating to these issues.
- Determine whether reports issued by the FTC following workshops or conferences are issued timely (approximately within nine months for reports that summarize the proceedings), and contribute to progress on the issue of the workshop or conference.

- Determine whether statutory deadlines for reports required by Congress have been met.
- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state, federal, and foreign government bodies on consumer protection policies that will have a significant impact on consumers and whether the recipients of these comments give weight to the views expressed in these comments in making policy decisions that affect consumers.
- Assess whether industry gives weight to the FTC's evaluation, monitoring, and advocacy and whether market interests are affected.
- Determine the scope and frequency of citation of and reference to FTC reports, studies, conference materials, and major policy speeches by other policymakers, academics, the courts, and the media.

# Maintaining Competition Mission

## Fiscal Year 2007

### Objective 2.1: Identify anticompetitive mergers and practices that cause the greatest consumer injury

#### GOAL 2: TO PREVENT ANTICOMPETITIVE MERGERS AND OTHER ANTICOMPETITIVE BUSINESS PRACTICES IN THE MARKETPLACE

The Hart-Scott-Rodino (HSR) Premerger Notification Act provides the FTC an effective starting point for identifying anticompetitive mergers before they are consummated. The FTC administers the HSR program both for itself and for the Department of Justice's (DOJ) Antitrust Division, which shares authority to challenge anticompetitive mergers. Mergers reported to the FTC vary tremendously in their complexity and potential anticompetitive effect. In some cases, the agency can make a reasonable judgment within a few days of filing about whether a merger has the potential to be anticompetitive or procompetitive, simply by reviewing materials filed with the notification. In other cases, an investigation can take months and require a major commitment of resources. Far more transactions fall into the former category than the latter. The FTC also uses trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR.

On the nonmerger side, there is no comparable statutorily mandated program to help identify anticompetitive business practices. The FTC must instead employ a variety of methods to identify potentially anticompetitive practices (for example, consumer and competitor complaints, referrals from other government agencies, and monitoring the trade press).

## Strategies

- Continue to make efficient use of the initial 30-day period after HSR filings (or 15 days for a cash tender offer) to determine whether a more detailed investigation is needed to assess whether a merger is likely to harm competition, and to avoid unnecessary extended investigations, including prompt inter-agency clearance and timely review.
- Use trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR, and potentially anticompetitive nonmerger business practices.
- When appropriate, issue requests for additional information under HSR to determine whether a merger is likely to be anticompetitive.
- When appropriate, use compulsory process in merger and nonmerger investigations to obtain additional information needed to make an informed judgment about the anticompetitive potential of mergers and nonmerger practices.
- Apply the merger process reforms to conduct investigations more efficiently, in order to enhance enforcement outcomes while minimizing burdens on business.
- Employ integrated teams of lawyers, economists, and other professionals to conduct an economically sound, fact-based analysis of mergers and other potentially anticompetitive business practices. Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.

- Work with state or local officials, other federal agencies, or international agencies to maximize resources in identifying anticompetitive mergers and business practices, and to minimize, to the extent possible, burdens on enforcers and business and duplication of effort, and to avoid conflicting remedies.
- Track and maintain the timeliness of investigations and merger review under the HSR program.
- Refine the investigative and decisional tools used in both merger and nonmerger investigations through continuous learning.
- Identify emerging trends and focus on potentially anticompetitive business practices or other issues that need to be addressed because of changes in the economy, technology, and the marketplace, drawing upon the results of hearings, task forces, agency studies and reports, and other means.
- Continue to integrate e-government initiatives, such as electronic premerger filing, into mission activities.

### **FY 2007 Implementation Plan**

- Continue to improve the investigative skills and antitrust analysis training programs.
- Identify “best practices” used by government and private antitrust attorneys and use this knowledge in training FTC staff.

- Continue effective screening of mergers under the HSR program so that all reported mergers that raise potentially significant competitive issues undergo an appropriate investigation.
- Monitor the merger review process to determine if additional changes are needed to improve the effectiveness and efficiency of investigations.
- Continue to use and improve existing techniques for identifying anticompetitive business practices, such as (1) monitoring the trade press, (2) responding to and following up on case leads by Congressional offices, other Executive Branch agencies, and state and local governments, and (3) informing potentially aggrieved parties that they can lodge complaints with the agency by “getting FTC’s message out” through speeches to and electronic and other publications for consumer, bar, and business groups (including those representing specific industries), and general public outreach.
- Continue effective administration of the review of nonmerger practices so that the FTC may investigate those that raise potentially significant competitive issues.
- Apply to FTC practices the results of hearings, conferences, reports, studies, and workshops on significant competition issues.
- Continue discussions among attorneys in the FTC’s regional offices and in the nonmerger divisions on ways to improve techniques for monitoring business practices and for identifying anticompetitive practices.
- Collect data, for management review, regarding the FTC’s efficiency in conducting investigations, such as the amount of time required to complete the HSR review process, the number of HSR matters requiring issuance of an investi-



gative second request, the number of HSR and significant nonmerger investigations that result in enforcement action, the number of hours of staff time spent on investigations, and other costs associated with investigations.

- Review significant deviations from the statistical benchmarks for timely and efficient review of merger transactions and take corrective action where necessary.

### **FY 2007 Performance Measures**

- Track the number of enforcement actions undertaken in the competition mission and, separately, in the merger and nonmerger programs, including Commission authorization of a complaint for preliminary injunction or permanent relief in federal court, issuance of an administrative complaint, and acceptance of a consent agreement, and, for mergers, the parties' voluntary abandonment or restructuring of a proposed transaction based on FTC antitrust concerns.
- Continue effective administration of merger review under the HSR program so that at least 90% of HSR requests for additional information result in a positive outcome, which includes Commission authorization of a complaint for preliminary injunction in federal court, issuance of an administrative complaint, acceptance of a consent agreement, the parties' voluntary abandonment or restructuring of a proposed transaction based on FTC antitrust concerns, and closing of an investigation without subsequent events indicating that the transaction injured competition.

- In conjunction with the prior merger measure, and to facilitate evaluation of results, the FTC will also report the number of second requests issued, the number of reportable transactions for which premerger notifications were received, the number of HSR investigations that resulted in enforcement action, the number of transactions in which antitrust issues were resolved through voluntary abandonment or restructuring because of FTC concerns, and the number of investigations closed because the evidence indicated that a competitive problem was unlikely.
- Continue effective administration of the non-merger program so that at least 90% of significant nonmerger investigations (those with at least 150 hours of investigative effort) will result in a positive outcome, which includes Commission authorization to file a complaint in federal court, issuance of an administrative complaint, acceptance of a consent agreement, resolution of antitrust concerns without enforcement action, or closing of an investigation without subsequent events indicating that the business practice injured competition.
- In conjunction with the prior nonmerger measure, and to facilitate evaluation of results, the FTC will also report the number of significant nonmerger investigations closed each year, with or without enforcement action.

Success on these measures will indicate that the FTC is effectively screening HSR-reported mergers and nonmerger investigations to identify those that raise significant antitrust issues and warrant further investigation and possible enforcement action. Setting high goals for positive outcomes from these investigations demonstrates the FTC's commitment to targeting its enforcement resources effectively.

An unacceptably high percentage of negative outcomes, such as closing investigations that are later determined to raise significant antitrust issues, would result in an evaluation of the FTC's screening process used to identify potential competition problems and target investigatory resources.

## Program Evaluations

- Assess markets where investigations were closed without enforcement action, explore whether outcomes remain positive over time, and use this information to enhance the agency's ability to predict likely competitive consequences in future investigations.
- If there was a failure to investigate a merger or business practice, known to the agency, that had a significant potential for causing competitive and consumer harm, assess whether there were factors that indicated the presence of a competitive problem that the agency should have reasonably been able to identify.
- Assess the burden imposed on merger parties by the HSR merger investigation process, explore ways of reducing that burden without compromising effectiveness of investigations, and explore methods of measuring HSR compliance burden.
- Assess the FTC's efficiency in conducting antitrust investigations, explore ways to increase efficient use of investigatory resources and reduce burdens on business, and explore whether efficiency in conducting investigations can more meaningfully be measured.

## **Objective 2.2: Stop anticompetitive mergers and practices through law enforcement**

This enforcement objective includes both obtaining orders to stop anticompetitive activity (either through litigation or by consent) and ensuring that the remedies imposed by those orders are effective. Conduct that reduces competition is likely to cause consumers to pay higher prices or enjoy lower quality than they otherwise would. Antitrust enforcement provides substantial benefits to consumers by preventing anticompetitive mergers and other coordinated or unilateral conduct that is likely to lessen competition.

### **Strategies**

- Continue to benefit consumers in markets involving billions of dollars in annual sales by challenging anticompetitive mergers and other nonmerger anticompetitive conduct, negotiating consent orders, and winning litigated orders, resulting in millions of dollars in consumer savings.
- Negotiate merger and nonmerger consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects.
- Improve negotiation and litigation skills through continuous learning.
- Apply the merger process reforms to conduct investigations more efficiently, in order to enhance enforcement outcomes while minimizing burdens on business.

- Improve the FTC's capacity to promote consumer welfare by applying the information gained through workshops, hearings, and research projects that improve its understanding of significant antitrust issues.
- Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.
- Continue to integrate e-government initiatives into mission activities.
- Ensure that administrative litigation and adjudication reach a timely resolution.
- Improve the integration of budget and performance by linking goals and objectives to results; develop improved processes for use and analysis of management data.

### **FY 2007 Implementation Plan**

- Challenge anticompetitive mergers and business practices in federal court or through administrative litigation, and obtain relief with significant remedial, precedential, and deterrent effects.
- Resolve anticompetitive mergers and practices, where possible, by negotiating consent orders that secure relief with significant remedial, precedential, and deterrent effects without the need for litigation.
- Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.

- Continue to improve negotiation and litigation skills through training programs. Ensure that lead attorneys and managers collect any important lessons learned at the close of each significant negotiation and litigation and transmit them to appropriate personnel for incorporation in training programs and model pleadings.
- Continue to monitor implementation of divestitures and other requirements of the FTC's merger consent orders. Seek civil penalties where appropriate if a respondent fails to fulfill its obligations under an order in a timely fashion.
- Continue to seek improvements in both the substantive aspects of remedies, as well as the process by which they are derived.

## **FY 2007 Performance Measures**

- Achieve a positive result (including consent orders, litigation victories, or, for mergers, transactions abandoned after recommendation of a complaint) in at least 80 percent of cases in which the FTC takes enforcement action.
- Take action against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.
- Save consumers an estimated \$500 million through enforcement actions against mergers likely to harm competition in markets.
- Achieve a level of consumer savings from merger enforcement that is at least six times the amount of agency resources (in dollars of total resources) allocated to the merger program during that period.

- Take action against nonmerger anticompetitive conduct in markets with a total of at least \$8 billion in annual sales.
- Save consumers an estimated \$80 million through enforcement actions against nonmerger anticompetitive conduct likely to harm competition in markets.
- Achieve a level of consumer savings from nonmerger enforcement that is at least four times the amount of agency resources (in dollars of total resources) allocated to the nonmerger program during that period.

Because external factors may cause the results to fluctuate significantly from year to year, the latter six goals are to be evaluated in terms of an aggregate target for the five-year strategic plan period, rather than as a yearly target.

These measures evaluate agency performance in several ways: the percentage of enforcement actions that have successful outcomes, the volume of commerce affected (benefited) by merger and nonmerger enforcement action, the estimated dollar savings to consumers resulting from merger and nonmerger enforcement action, and the estimated dollar savings to consumers per dollar of enforcement resources. In the absence of case-specific information, the dollar savings to consumers is conservatively estimated as one percent of the volume of commerce in the affected markets (for two years in merger cases and for one year in nonmerger cases). It is not intended as a precise estimate of consumer savings, but, rather, as an indication of general magnitude. A more precise estimate based on case-specific information will be used whenever possible. The use of a volume of sales performance measure does not mean that the FTC will only investigate and take enforcement action in markets

with large sales volumes. The FTC will continue to investigate and take enforcement action as necessary in all markets where considerable consumer harm is likely. The benchmarks for the estimated dollar savings to consumers per dollar of enforcement resources for merger and nonmerger actions are based on historical experience, reflecting the different mix of cases and the different investigative and enforcement processes.

These measures will help guide the agency in challenging conduct that causes substantial consumer injury through targeting of its resources effectively and efficiently. These measures evaluate appropriate case selection and resolution, whether through litigation or settlement, as well as the crafting of sufficient and effective remedies.

## **Program Evaluations**

- Assess the scope of the FTC's annual merger enforcement activities, as reflected by the volume of commerce in markets in which the agency took merger enforcement action. Determine whether the total volume of commerce in such markets is likely to reach \$40 billion and determine whether the level of consumer savings is likely to reach \$800 million. Compare the likely consumer welfare impact in these markets to the resources spent on the mission.
- Assess the scope of the FTC's annual non-merger enforcement activities, as reflected by the volume of commerce in markets in which the agency took nonmerger enforcement action. Determine whether the total volume of commerce in such markets is likely to reach \$20 billion and determine whether the level of consumer savings is likely to reach \$200 million. Compare the likely consumer welfare impact in these markets to the resources spent on the mission.



- Assess qualitatively the deterrence value and precedential significance of the enforcement actions brought during FY 2007.
- Conduct periodic retrospective studies of past investigative and enforcement activity to determine the extent to which the FTC's case selection process is accurately identifying matters that require FTC intervention.
- Evaluate litigation performance for lessons that may be applicable to future litigation.
- Review the results of major competition research initiatives to identify their usefulness in guiding FTC decisions and influencing other policymakers' approaches to competition issues.

### **Objective 2.3: Prevent consumer injury through education**

The FTC increases awareness of antitrust law through guidance to the business community; outreach efforts to federal, state, and local agencies, business groups, and consumers; development and publication of antitrust guidelines and policy statements; and speeches and publications. In carrying out these functions, the FTC strives to ensure that any publicly disseminated data or information subject to the Data Quality Act (section 515 of Public Law No. 106-554) meets basic quality standards.

#### **Strategies**

- Educate consumers and businesses about anti-trust issues through traditional means such as guidelines, advisory opinions, reports, articles in professional or other publications, speeches, and participation in professional organizations.

- Educate consumers through detailed information regarding agency actions on the FTC Web site, and in press releases, reports, articles, and other publications.
- Educate businesses through detailed information regarding agency actions on the FTC Web site, and in press releases, reports, articles, and other publications.
- Continue to conduct and disseminate the results of public hearings, conferences, and workshops on practices and developments in the marketplace and the results of economic research on how markets operate.
- Continue to enhance avenues of communication with consumers and business, such as email and the FTC Web site.
- Ensure that the content of complaints, press releases, and analyses to aid public comment are “transparent,” that is, that they 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 explain why the Commission elected not to take enforcement action in certain matters to further improve the public’s understanding of the FTC’s enforcement policies.
- Engage in outreach to lay groups such as schools to provide information about the work of the FTC and basic principles of economics and competition.
- Engage in outreach to foreign competition agencies to facilitate the agency’s efforts to promote convergence toward sound consumer-welfare-based competition enforcement and policy.

## FY 2007 Implementation Plan

- Issue guidance to help businesses understand and comply with the application of the antitrust laws in certain areas, such as horizontal mergers, international operations, intellectual property, and health care.
- Continue to provide Commission and staff advisory opinions on various competition issues; continue to provide guidance in response to informal requests, particularly concerning HSR matters.
- Monitor the content of complaints, press releases, and analyses to aid public comment to ensure they are “transparent,” that is, that they 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 press releases and other public statements to explain why the Commission elected not to take enforcement action in certain matters to further improve the public’s understanding of the FTC’s enforcement policies.
- Make available prepared texts of speeches and develop other materials that explain FTC policies and procedures.
- Continue to have Commissioners and staff speak at and participate in seminars, panel discussions, and conferences to explain how the FTC analyzes mergers and other business practices.
- Make available to the public the materials relating to public hearings, conferences, and workshops on practices and developments in the marketplace, including transcripts, written submissions, and reports.

- Make available on the FTC's Web site the guidance issued by the FTC, advisory opinions, advocacy comments, written releases, texts of speeches, Bureau of Economics reports, and other materials that explain the FTC's policies and procedures.
- When opportunities arise, engage in outreach to lay groups to provide information about the work of the FTC and basic principles of economics and competition.
- Engage in outreach to foreign competition authorities and international competition organizations

## **FY 2007 Performance Measures**

- Track volume of traffic on the FTC Web site on antitrust-related pages that are relevant to policymakers, the business and legal communities, and the public at large.
- Track the number of times external print media, such as newspapers, magazines, business and trade journals, and professional journals, publish articles that refer to FTC competition activities and the circulation of the media that publish those articles.

## **Program Evaluations**

- Evaluate what antitrust content on the FTC Web site generates the largest amount of public interest, and why, and use this information in setting future priorities.

- Seek input from consumer groups, business groups, bar groups, international competition organizations, and other FTC “customers” on the effectiveness of FTC educational efforts.
- Evaluate the transparency of FTC merger review policy by assessing the extent to which significant changes in such policy are communicated to stakeholders.

#### **Objective 2.4: Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange**

In addition to its enforcement authority, the FTC has unique jurisdiction to gather, analyze, and make public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings. This authority advances the competition mission in numerous ways.

The agency uses the information internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency’s professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications by various entities, including the business sector, the legal community, other enforcement authorities, the judiciary, foreign competition agencies, and governmental decision makers and policymakers at the federal, state, and local levels. In particular, the agency testifies before Congress on competition

issues. The FTC uses its expertise to encourage governmental actors at all levels to evaluate both the costs and the benefits of their policies for consumers, and to ensure such policies promote consumer welfare. This advocacy includes formal and informal dialogue with state and federal policymakers and amicus curiae briefs filed with state and federal courts. Dialogue with competition authorities of other countries and international organizations, and, in some cases, technical assistance to other competition authorities, promotes procedural consistency and the adoption of competition policies that protect and enhance consumer welfare, which ultimately will accrue to the benefit of American consumers as well as those in other countries.

## Strategies

- Conduct public hearings, conferences, and workshops that bring together interested parties to enhance understanding of various practices and developments in the marketplace.
- Conduct studies as requested by Congress and other studies as appropriate.
- Conduct economic studies of the effects of business actions on competition and consumer welfare in accordance with agency data quality standards, as applicable, to ensure the quality of information that may be disseminated publicly.
- Target advocacy activities to encourage state, federal, and foreign government policymakers to evaluate both the costs and the benefits of their policies for consumers, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- File amicus curiae briefs with state and federal courts deciding important competition policy

issues urging them to adopt legal rules that benefit consumers by promoting competition.

- Participate in dialogue with competition authorities of other countries and international organizations on trans-national competition issues that affect American consumers and businesses and to promote sound consumer-welfare-based competition policy.
- Participate in technical assistance missions to countries with new competition regimes.

### **FY 2007 Implementation Plan**

- Conduct hearings, conferences, and workshops on significant competition issues.
- Continue to support outreach efforts to international bodies to explain U.S. antitrust perspectives on competition theories and approaches; participate in dialogue with competition authorities of other countries and international organizations on trans-national competition issues that affect American consumers and businesses; continue to aid the development of antitrust laws and programs in developing nations by participating in technical assistance missions.
- File comments or otherwise engage in advocacy with state, federal, and foreign government policymakers to encourage them to adopt policies that maximize consumer welfare by evaluating both the costs and the benefits of their policies for consumers.
- Prepare amicus briefs addressing important competition policy issues under consideration in court proceedings.

## Performance Measures

- Track volume of traffic on the FTC Web site pages relating to research, reports, advocacy, and international cooperation and exchange.
- Convene, or participate substantively in, at least four workshops, conferences, seminars, and hearings involving significant competition-related issues.
- Issue at least eight studies, reports, working papers and issues papers on significant competition-related issues.
- Make at least six advocacy filings with other federal and state government agencies urging them to assess the competitive ramifications and costs and benefits to consumers of their policies.
- Issue at least two to three advisory opinions to persons seeking agency review of proposed business actions.
- File at least two to three amicus briefs with courts addressing competition-related issues.
- Track the number of cases on which the agency cooperated with a foreign competition authority, the number of consultations with or comments to foreign competition authorities on competition issues, the number of written submissions to international fora on competition issues, the number of international events attended to discuss competition issues, and the number and level of leadership positions held by FTC staff in international competition organizations.



Because external factors may cause the results to fluctuate significantly from year to year, the latter five goals are to be evaluated in terms of an aggregate target for the five-year strategic plan period. These measures will help ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, advocacy, and international cooperation and exchange to ensure that they are relevant to consumers, policymakers, business, and the legal community.

## Program Evaluations

- Include evaluation forms with workshop and conference materials to help assess whether the workshops and conferences are an effective means of joining the debate relating to these issues.
- Seek input from consumer groups, business groups, bar groups, international organizations, and others on the value of the agency's research, reports, advocacy submissions, and international activities relating to the competition mission.
- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state, federal, and foreign government bodies on competition policies that will have a significant impact on consumers and whether the recipients of these comments have given weight to the views expressed in these comments in making policy decisions that affect consumers.



# FEDERAL TRADE COMMISSION



## FISCAL YEAR 2008 PERFORMANCE PLAN



# Consumer Protection Mission

## Fiscal Year 2008

### **GOAL 1: TO PREVENT FRAUD, DECEPTION, AND UNFAIR BUSINESS PRACTICES IN THE MARKETPLACE**

To fulfill its consumer protection mission, 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 newly emerging methods of fraud or deceit, to address these problems more effectively. The FTC reports this information to other law enforcement authorities and encourages those authorities to assist in its efforts, either independently or jointly. In this way, the FTC can leverage its resources by ensuring multiple “cops on the beat.”

### **Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury**

To fulfill this objective, 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 ([www.donotcall.gov](http://www.donotcall.gov)); and (4) the online consumer complaint forms that support each of these efforts, as well as online complaint forms dedicated to members of the U.S. Armed Forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including law enforcement agencies, Better Business Bureaus, and private entities. The agency makes this and other information available online to its law enforce-

ment partners through a secure Internet Web site. Currently, that site is accessed by more than 1,600 law enforcement partner agencies in the United States, Canada, and Australia. The FTC's law enforcement partners and other groups also identify issue areas and refer targets. Since 1998, the FTC has maintained an electronic mailbox (spam@uce.gov) to which Internet customers are encouraged to forward spam. This spam is stored in a searchable database enabling the FTC staff to track trends and identify law enforcement targets when researching potential cases. In addition, the agency augments identification of targets from its databases with traditional strategies for generating enforcement leads.

## Strategies

- Continue to upgrade and enhance the online consumer complaint database and Web site to respond to increasing demands and maintain it as the premier consumer protection law enforcement information resource.
- Improve and expand the tools that are provided through this Web site by pulling multiple systems together onto one platform and making it the gateway for law enforcement officials who want information about the consumer protection problems affecting consumers.
- Expand the pool of entities that make their consumer complaint data available to the law enforcement community through this Web site.
- Improve information sharing with law enforcement partners through this Web site.
- Continue outreach to international law enforcement partners and organizations to improve information sharing.

- Continue to strengthen the FTC's capabilities to analyze the increasing volume of consumer complaints and augment complaints with other sources to develop case leads and identify new or emerging concerns.
- Monitor the marketplace to identify illegal practices that may not be fully captured by the database, for example, through the FTC Internet Lab, spam database, Web surveys (surfs), and through consumer surveys, such as the recent fraud and identity theft surveys.
- Ensure the quality, security, and integrity of the database and Web site information.

### **FY 2008 Implementation Plan**

- Upgrade and enhance the online consumer complaint database and Web site and maintain it as the premier consumer protection law enforcement information resource.
- Recruit state, local, federal, and international law enforcement agencies to join the online Web site and contribute complaint data, and train them to take full advantage of its features.
- Make comprehensive consumer complaint information, as well as the analysis of that information, available to the FTC's law enforcement partners through its secure Web site.
- Improve the capacity to receive and integrate complaints from U.S. and international sources and facilitate the exchange of that data with law enforcement officials in the U.S. and other countries.

- Encourage consumers to report fraud, identity theft, and do not call complaints by increasing public awareness of the complaint process.
- Mine the reported complaint data to identify enforcement targets and provide pertinent information to public and private sector partners.
- Coordinate with enforcement partners and other sources of case generation leads, and conduct advertising reviews, test shopping, and Web surfs.

## **FY 2008 Performance Measures**

- Collect and enter into the FTC's consumer information system more than 1.05 million complaints and inquiries.
- Determine if at least one-half of the agency's consumer protection law enforcement actions are responsive to the consumer complaint information gathered by the agency.

The FTC mines the complaint data and other information it collects to identify and target the most serious cases of fraud and deception and respond quickly to emerging problems. The agency also makes this information available to its law enforcement partners. Information sharing helps the agency coordinate its efforts to fight the many serious problems facing consumers. These performance measures will ensure that the agency's enforcement activities are targeted at areas of greatest consumer concern, thus making the agency responsive to consumer needs and changes in the marketplace and efficient in its consumer protection efforts. They also will help the agency effectively leverage law enforcement resources by sharing this important information.



## Program Evaluations

- Assess whether the FTC's law enforcement and education efforts are addressing the leading areas identified by the consumer complaint information gathered by the agency.
- Assess the extent to which the consumer complaint and other information made available by the agency is used by staff and its law enforcement partners. Implement changes to increase usage to assist ongoing investigations and identify new targets.
- Review current functions, determine what changes or upgrades to the database would be helpful, and implement those changes.
- Assess security and integrity protections for the database and proposed enhancements to the database and evaluate the policies in place.

In conducting its program evaluations under this objective, as well as each of the other objectives set forth in this strategic plan, the FTC will work to (1) improve the integration of budget and performance by linking goals and objectives to results, (2) develop improved processes for collection, use, and analysis of management data, and (3) follow a basic standard of data quality, including objectivity, utility, and integrity for the information used in measuring performance, and for any performance or other data that the agency may distribute publicly.

## **Objective 1.2: Stop fraud, deception, and unfair practices through law enforcement**

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 an increasing number of statutes and rules proscribing specific unlawful practices. The agency initiates civil cases, primarily by filing actions in federal court, which allege that defendants have violated these laws and rules and seek injunctions and other relief.

The FTC will continue its efforts to protect consumers' private information by educating consumers about how to protect their important data, and enforcing relevant laws when consumers' data is stolen or a company's security is breached. The FTC also will continue to focus on the Telemarketing Sales Rule (including the National Do Not Call Registry), identity theft, and the Children's Online Privacy Protection Act, as well as enforcement of the Gramm-Leach-Bliley Act and the FACT Act. Other enforcement efforts in privacy will center on cases involving claims touting the privacy and security features of products and services.

The FTC will continue to direct resources to enforce the FTC Act's prohibition on deceptive and unfair practices and the CAN-SPAM Act, as well as working to stop spyware and other high-tech problems that plague consumers. The FTC will continue to bring cases against those who abuse technology and oversee initiatives to educate consumers on how to avoid these problems.

The FTC will continue to be involved in law enforcement and policy development efforts on the world stage. Law enforcement cases increasingly involve an international component as defendants, their operations, or their assets are moved offshore. This makes it difficult to locate and stop scams or to

### **Privacy and Data Security**

### **Spam, Spyware, and Other High-Tech Problems**

### **Globalization**

provide redress to consumers. The FTC is meeting these challenges by sustaining international partnerships to assist in identifying and pursuing these cases. As the FTC continues to develop initiatives relating to cross-border fraud, the agency will work to measure and report its performance in this area. On the policy side, the FTC is promoting international development of market-oriented consumer protection policies, when such policies adequately address consumer harm.

### **Hispanic Enforcement Initiative**

The FTC will continue its vigorous pursuit of scammers targeting the Hispanic community, as it continues to take law enforcement action and work with its partners to fight fraud in this community.

### **Health Care Products and Services**

The deceptive marketing of products that may affect consumer health and safety will continue to be an FTC priority. The FTC will focus on health care products, including dietary supplements. Consumer demand for such products is increasing, and fraudulent or deceptive claims about these products can pose risks to consumers' well-being.

### **Deceptive Credit Counseling Services and Lending Practices**

For most consumers, access to credit is essential to full participation in the nation's economy. The FTC will target schemes that involve deceptive credit counseling and debt management services, as scam artists take money from consumers who already are struggling to make ends meet. Bogus organizations target consumers with bad credit or significant consumer debt, promising to help them manage their debt or obtain credit otherwise unavailable to them. Consumers may pay hundreds of dollars for these services, only to receive nothing in return, or worse, to see their credit damaged even further. Some unscrupulous lenders deceive consumers about loan terms, rates, or fees. The FTC will continue enforcement efforts in collaboration with other law enforcement agencies and outreach to industry and consumers. The FTC also will continue to bring cases against companies engaged in deceptive debt collection practices.

The FTC will continue to promote the work of its Criminal Liaison Unit (CLU), dedicated to encourage criminal prosecution of consumer fraud by coordinating with criminal law enforcement authorities on consumer fraud cases. CLU identifies law enforcement agencies and case agents for referral of specific types of consumer fraud cases, educates criminal law enforcement authorities about the FTC and its mission, and coordinates training of FTC staff by criminal law enforcement to help staff prepare cases for referral and ensure smooth progress of parallel prosecutions.

## **Strategies**

- Focus agency enforcement on cutting-edge issues that threaten consumer protection in emerging areas, including e-commerce, globalization, and the marketing of new products and services.
- Stop injury to consumers by applying fundamental consumer protection principles to new practices, such as those arising from emerging payment systems and the convergence of information technologies.
- Halt advertising and marketing practices that are most injurious to consumers or that prey on specific groups of vulnerable consumers.
- Challenge practices that threaten consumer privacy.
- Enforce consumer credit statutes and rules to protect consumers from deceptive lending practices and other illegal credit practices.

- Use the results of the consumer fraud and identity theft surveys to determine where enforcement needs are greatest and meet these needs with targeted enforcement efforts.
- Update, rescind, or promulgate trade regulation rules and other agency rules in response to regulatory reviews and Congressional mandates.
- Create and implement a comprehensive order-enforcement program that targets those individuals and corporations that violate federal court and administrative orders obtained by the FTC.
- Promote the criminal prosecution of the most egregious fraud violators through coordination and cooperation with criminal law enforcement authorities.
- Continue to coordinate with local, state, federal, and international law enforcement partners for initiatives and sweeps.

### **FY 2008 Implementation Plan**

- Target law enforcement toward violations that create the greatest risks to consumer health, safety, and economic well-being by reviewing complaints, evaluating practices in the marketplace, and monitoring industry data and other information.
- Enforce protections for consumers from fraud, deception, and other abuse perpetrated through different media such as direct mail, telemarketing, Web sites, and new technologies.
- Monitor national advertising in print, television, radio, and online to identify illegal practices that may not be captured fully by the complaint database.

- Identify industries whose consumer data is at high risk and use law enforcement to promote better data security practices through enforcement of the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, and Section 5 of the FTC Act.
- Administer and enforce the National Do Not Call Registry.
- Enhance government efforts to deter, prevent, defend, investigate, and prosecute identity theft through participation in the Identity Theft Task Force and through the FTC's own program.
- Participate in international consumer protection organizations that share information about cross-border commercial activities that may affect consumer interests.
- Identify key areas of noncompliance in the consumer credit reporting system.
- In rulemakings, evaluate the regulatory effect on industry, consumers, and other parties, invite public comment, coordinate with other agencies, and promulgate rules accordingly.
- Develop and maintain a new order-enforcement database to better monitor compliance with federal court and administrative orders and bring actions against those individuals and companies that violate those orders.
- Train FTC staff to improve investigative and litigation skills through formal programs that teach best practices used in government and private industry.

- Increase the FTC's capacity to respond rapidly to fast-moving technology-based scams by enhancing the Internet Lab and increasing tech-savvy litigation support.
- Leverage FTC enforcement resources by recruiting, supporting, and coordinating local, state, federal, and international law enforcement partners for initiatives and sweeps.
- Work with criminal prosecutors and investigators to promote criminal prosecution of FTC fraud defendants and those who assist their deceptive practices.
- Continue to integrate e-government initiatives into mission activities.

## FY 2008 Performance Measures

- Stop fraudulent, deceptive, unfair, and other practices by obtaining at least 130 orders.
- Stop approximately \$400 million in economic injury to consumers through law enforcement.

Preventing economic injury to consumers is the principal goal of the FTC's law enforcement efforts. The FTC prevents consumer injury each time it stops unlawful conduct through litigation or settlement. The FTC prevents even more injury by leading joint law enforcement initiatives with federal, state, and international partners. The amount of injury it prevents will vary each year based on the number and types of illegal activity stopped.

The FTC calculates the economic harm caused to consumers by totaling the estimated annual fraudulent sales of defendants or other economic injury

to consumers in the 12 months prior to the FTC's filing a complaint. The calculation actually underestimates the agency's impact because it ignores the deterrent effect of FTC enforcement.

The FTC targets its enforcement resources towards areas of greatest risk to consumer health, safety, and economic well-being, with particular attention to emerging threats from new practices or technologies. These measures will help guide deployment of the agency's enforcement activities to ensure that they provide the most efficient level of protection to consumers.

## **Program Evaluations**

- Measure the percentage (in full-time equivalent staff years) of the FTC's consumer protection law enforcement resources focused on emerging practices or technologies.
- Evaluate whether enforcement activities are tracking the areas of greatest concern and injury to consumers and whether there are new practices or technologies that require additional consumer protection law enforcement.

## **Objective 1.3: Prevent consumer injury through education**

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. From time to time, the agency



conducts pre-emptive 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 under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft Web site addresses and toll-free numbers in an ongoing effort to increase public awareness of its programs and inform the public of the ways to contact the FTC to obtain information or file a complaint.

## Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury.
- Leverage resources (by working with federal, state, local, international, and private sector partners) to maximize the reach of consumer and business education campaigns.
- Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being.
- Use the results of the consumer fraud and identity theft surveys to determine where education needs are greatest and meet these needs with targeted education efforts.
- Increase public awareness of consumer protection problems and solutions by conducting and publishing studies and filing advocacy comments on changes in the marketplace and the impact of business and government actions on consumers.

## FY 2008 Implementation Plan

- Deliver efficiently and effectively educational information in English and Spanish to consumers, industry members, and law enforcement partners on how to prevent consumer injury, avoid unlawful business practices, and enhance consumer welfare.
- Focus efforts on high-profile or emerging issues – for example, Internet scams, online privacy, identity theft, and financial literacy – to close information gaps.
- Find new and creative ways to reach consumers with information about marketplace issues that can cause them financial injury and to reach businesses with information that increases knowledge about consumer risks and compliance.
- Monitor, review, and provide guidance to parents and children on marketing that may affect children and teenagers.
- Build partnerships with industry and advocacy organizations to lead more visitors to the FTC's Web site ([www.ftc.gov](http://www.ftc.gov)) and to other issue-oriented Web sites developed by the FTC such as [www.DoNotCall.gov](http://www.DoNotCall.gov), [www.OnGuardOnLine.gov](http://www.OnGuardOnLine.gov), and [www.DontServeTeens.gov](http://www.DontServeTeens.gov).
- Continue to build relationships with international organizations to educate consumers and businesses about cross-border consumer protection issues.
- Increase media coverage to broadcast the agency's education message to a broader audience.

- Launch a new media literacy survey and education program, targeting kids from elementary school through high school.
- Continue education programs to meet the demand for information about significant events in the marketplace, including data security, and other initiatives, including the Business Opportunity Rule, Energy Guide, etc.
- Conduct a consumer education campaign to inform consumers who may need to re-register their telephone numbers with the National Do Not Call Registry, as the registrations expire after five years.

### **FY 2008 Performance Measures**

- Track if FTC's consumer protection messages are accessed online or in print a total of more than 50 million times.
- Determine if, included in the total of FTC's consumer protection messages accessed online or in print, the messages relating to identity theft are accessed more than 9 million times.
- Determine if, included in the total of FTC's consumer protection messages accessed online or in print, the messages in Spanish are accessed more than 3 million times.
- Track the number of times external print media, such as newspapers, magazines, business and trade journals, and professional journals, publish articles that refer to FTC consumer protection activities and the circulation of the media that publish those articles to help determine the reach of FTC's education efforts.

Consumer and business education are crucial tools in preventing and reducing consumer harm efficiently and effectively. These performance measures will help ensure that the agency is engaging in a sufficient amount of educational activity and that the educational materials are aimed at new trends and at particularly vulnerable populations.

## **Program Evaluations**

- Measure the number of education messages disseminated each year relating to high-profile or emerging issues where consumer and business education can help alleviate consumer injury.
- Assess whether the appropriate mix of media is being used to communicate consumer education messages and whether the FTC is making the most efficient use of available media and technology.
- Assess the number and range of public and private sector organizations that partner with the FTC on outreach.
- Determine whether the FTC needs to reach new audiences, in light of any changes in demographics, advertising, and marketing practices, and what strategies or partnerships may allow the FTC to reach those audiences.
- Review the focus of FTC education efforts and adjust them based on changing consumer and business needs.
- Continue to assess the consumer information needs of the Spanish-speaking population.

## **Objective 1.4: Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange**

The FTC uses a variety of strategies in addition to law enforcement and education to enhance consumer welfare. The agency convenes conferences and workshops through which experts and other experienced and knowledgeable parties identify novel or challenging consumer protection issues and discuss ways to address those issues. The FTC also issues reports that Congress has mandated or that the agency has prepared on its own initiative that analyze consumer protection problems and suggest public and private sector policies to address them, such as self-regulatory efforts. Further, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. In particular, the agency testifies before Congress on consumer protection issues. The FTC engages in a variety of international cooperation, exchange, and advocacy activities designed to promote market-based consumer protection policies and effective cross-border coordination. The FTC also files amicus briefs to aid courts' considerations of important consumer protection issues.

### **Strategies**

- Focus workshops and conferences on emerging or challenging consumer protection problems, especially those related to new technologies.
- Issue reports mandated by law and other reports that articulate concrete measures that the public and private sectors could take to address consumer protection problems, particularly those related to new technologies or emerging technologies.

- Target advocacy activities to encourage state, federal, and foreign government policymakers to evaluate both the costs and benefits of their policies for consumers, emphasizing the impact on consumers of policies that unnecessarily affect the dissemination of truthful, non-misleading information to consumers and the interplay of competition and consumer protection concerns.
- Use letters and public comments to urge state, federal, and foreign government policymakers to consider consumer research and other empirical data in their decisions regarding the costs and benefits of their policies for consumers.
- Pursue the development of an international market-based consumer protection model, which focuses on protecting consumers from significant harm while maximizing economic benefit, consumer access to information, and consumer choice.
- Encourage industry self-regulation where consumer protection problems are emerging, industry has a comparative advantage in addressing the problems, or legal or practical limitations constrain the government's ability to act.

## **FY 2008 Implementation Plan**

- Identify novel or challenging consumer protection problems, especially those related to new technologies.
- Convene workshops and conferences and issue reports (including those required by law) concerning such consumer protection problems.

- Analyze federal and state government policies and identify those that impose costs on consumers that may exceed their benefits to consumers, especially policies that affect the dissemination of truthful, non-misleading information to consumers.
- File comments or otherwise engage in advocacy with state, federal, and foreign government policymakers that evaluate both the costs and benefits of proposed policies on consumers, with a particular emphasis on the role of consumer research and other empirical data in their decisions, and an awareness of the intersection of competition and consumer protection concerns.
- File amicus curiae briefs in state and federal courts urging adoption of legal principles that promote consumer welfare.
- Present major policy speeches that discuss emerging or challenging consumer protection problems and explain the FTC's approach to them.
- Participate in international organizations to promote effective market-oriented consumer protection and privacy policies.
- Identify through monitoring or other means consumer protection problems that industry self-regulation could effectively combat and work with industry to adopt such self-regulatory measures.
- Further the FTC's Congressionally-endorsed efforts to promote industry self-regulation in the marketing of entertainment and food.

## FY 2008 Implementation Plan

- Convene or participate substantially in approximately six workshops and conferences and issue approximately eight reports on topics such as novel or challenging consumer protection problems, including issues related to the scope and effectiveness of self-regulation.
- File approximately six public and advocacy comments with other federal and state government bodies helping them to assess the costs and benefits to consumers of their policies and the implication of consumer research and other empirical data for their policy decisions, where appropriate.
- Cooperate with foreign government agencies on at least 20 enforcement matters with cross-border components.
- Provide policy or technical input to foreign government agencies or international organizations in at least 20 instances involving consumer protection.

Public policy that enhances consumer welfare is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, may be better placed to address certain consumer protection issues. These performance measures will help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, as well as careful study of and empirical research on novel or challenging consumer protection prob-



lems. These activities will help enhance consumer welfare by guiding the FTC's consumer protection policy decisions, as well as the decisions of other state, federal, and international policymakers.

## Program Evaluations

- Include evaluation forms with workshop and conference materials to help assess whether the workshops and conferences are an effective means of joining the debate relating to these issues.
- Determine whether reports issued by the FTC following workshops or conferences are issued timely (approximately within nine months for reports that summarize the proceedings), and contribute to progress on the issue of the workshop or conference.
- Determine whether statutory deadlines for reports required by Congress have been met.
- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state, federal, and foreign government bodies on consumer protection policies that will have a significant impact on consumers and whether the recipients of these comments give weight to the views expressed in these comments in making policy decisions that affect consumers.
- Assess whether industry gives weight to the FTC's evaluation, monitoring, and advocacy and whether market interests are affected.
- Determine the scope and frequency of citation of and reference to FTC reports, studies, conference materials, and major policy speeches by other policymakers, academics, the courts, and the media.



# Maintaining Competition Mission

## Fiscal Year 2008

### Objective 2.1: Identify anticompetitive mergers and practices that cause the greatest consumer injury

#### GOAL 2: TO PREVENT ANTICOMPETITIVE MERGERS AND OTHER ANTICOMPETITIVE BUSINESS PRACTICES IN THE MARKETPLACE

The Hart-Scott-Rodino (HSR) Premerger Notification Act provides the FTC an effective starting point for identifying anticompetitive mergers before they are consummated. The FTC administers the HSR program both for itself and for the Department of Justice's (DOJ) Antitrust Division, which shares authority to challenge anticompetitive mergers. Mergers reported to the FTC vary tremendously in their complexity and potential anticompetitive effect. In some cases, the agency can make a reasonable judgment within a few days of filing about whether a merger has the potential to be anticompetitive or procompetitive, simply by reviewing materials filed with the notification. In other cases, an investigation can take months and require a major commitment of resources. Far more transactions fall into the former category than the latter. The FTC also uses trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR.

On the nonmerger side, there is no comparable statutorily mandated program to help identify anticompetitive business practices. The FTC must instead employ a variety of methods to identify potentially anticompetitive practices (for example, consumer and competitor complaints, referrals from other government agencies, and monitoring the trade press).

## Strategies

- Continue to make efficient use of the initial 30-day period after HSR filings (or 15 days for a cash tender offer) to determine whether a more detailed investigation is needed to assess whether a merger is likely to harm competition, and to avoid unnecessary extended investigations, including prompt inter-agency clearance and timely review.
- Use trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR, and potentially anticompetitive nonmerger business practices.
- When appropriate, issue requests for additional information under HSR to determine whether a merger is likely to be anticompetitive.
- When appropriate, use compulsory process in merger and nonmerger investigations to obtain additional information needed to make an informed judgment about the anticompetitive potential of mergers and nonmerger practices.
- Apply the merger process reforms to conduct investigations more efficiently, in order to enhance enforcement outcomes while minimizing burdens on business.
- Employ integrated teams of lawyers, economists, and other professionals to conduct an economically sound, fact-based analysis of mergers and other potentially anticompetitive business practices. Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.

- Work with state or local officials, other federal agencies, or international agencies to maximize resources in identifying anticompetitive mergers and business practices, and to minimize, to the extent possible, burdens on enforcers and business and duplication of effort, and to avoid conflicting remedies.
- Track and maintain the timeliness of investigations and merger review under the HSR program.
- Refine the investigative and decisional tools used in both merger and nonmerger investigations through continuous learning.
- Identify emerging trends and focus on potentially anticompetitive business practices or other issues that need to be addressed because of changes in the economy, technology, and the marketplace, drawing upon the results of hearings, task forces, agency studies and reports, and other means.
- Continue to integrate e-government initiatives, such as electronic premerger filing, into mission activities.

### **FY 2008 Implementation Plan**

- Continue to improve the investigative skills and antitrust analysis training programs.
- Identify “best practices” used by government and private antitrust attorneys and use this knowledge in training FTC staff.

- Continue effective screening of mergers under the HSR program so that all reported mergers that raise potentially significant competitive issues undergo an appropriate investigation.
- Monitor the merger review process to determine if additional changes are needed to improve the effectiveness and efficiency of investigations.
- Continue to use and improve existing techniques for identifying anticompetitive business practices, such as (1) monitoring the trade press, (2) responding to and following up on case leads by Congressional offices, other Executive Branch agencies, and state and local governments, and (3) informing potentially aggrieved parties that they can lodge complaints with the agency by “getting FTC’s message out” through speeches to and electronic and other publications for consumer, bar, and business groups (including those representing specific industries), and general public outreach.
- Continue effective administration of the review of nonmerger practices so that the FTC may investigate those that raise potentially significant competitive issues.
- Apply to FTC practices the results of hearings, conferences, reports, studies, and workshops on significant competition issues.
- Continue discussions among attorneys in the FTC’s regional offices and in the nonmerger divisions on ways to improve techniques for monitoring business practices and for identifying anticompetitive practices.
- Collect data, for management review, regarding the FTC’s efficiency in conducting investigations, such as the amount of time required to complete the HSR review process, the number

of HSR matters requiring issuance of an investigative second request, the number of HSR and significant nonmerger investigations that result in enforcement action, the number of hours of staff time spent on investigations, and other costs associated with investigations.

- Review significant deviations from the statistical benchmarks for timely and efficient review of merger transactions and take corrective action where necessary.

### **FY 2008 Performance Measures**

- Track the number of enforcement actions undertaken in the competition mission and, separately, in the merger and nonmerger programs, including Commission authorization of a complaint for preliminary injunction or permanent relief in federal court, issuance of an administrative complaint, and acceptance of a consent agreement, and, for mergers, the parties' voluntary abandonment or restructuring of a proposed transaction based on FTC antitrust concerns.
- Continue effective administration of merger review under the HSR program so that at least 90 percent of HSR requests for additional information result in a positive outcome, which includes Commission authorization of a complaint for preliminary injunction in federal court, issuance of an administrative complaint, acceptance of a consent agreement, the parties' voluntary abandonment or restructuring of a proposed transaction based on FTC antitrust concerns, and closing of an investigation without subsequent events indicating that the transaction injured competition.

- In conjunction with the prior merger measure, and to facilitate evaluation of results, the FTC will also report the number of second requests issued, the number of reportable transactions for which premerger notifications were received, the number of HSR investigations that resulted in enforcement action, the number of transactions in which antitrust issues were resolved through voluntary abandonment or restructuring because of FTC concerns, and the number of investigations closed because the evidence indicated that a competitive problem was unlikely.
- Continue effective administration of the non-merger program so that at least 90% of significant nonmerger investigations (those with at least 150 hours of investigative effort) will result in a positive outcome, which includes Commission authorization to file a complaint in federal court, issuance of an administrative complaint, acceptance of a consent agreement, resolution of antitrust concerns without enforcement action, or closing of an investigation without subsequent events indicating that the business practice injured competition.
- In conjunction with the prior nonmerger measure, and to facilitate evaluation of results, the FTC will also report the number of significant nonmerger investigations closed each year, with or without enforcement action.

Success on these measures will indicate that the FTC is effectively screening HSR-reported mergers and nonmerger investigations to identify those that raise significant antitrust issues and warrant further investigation and possible enforcement action. Setting high goals for positive outcomes from these investigations demonstrates the FTC's commitment to targeting its enforcement resources effectively.



An unacceptably high percentage of negative outcomes, such as closing investigations that are later determined to raise significant antitrust issues, would result in an evaluation of the FTC's screening process used to identify potential competition problems and target investigatory resources.

## Program Evaluations

- Assess markets where investigations were closed without enforcement action, explore whether outcomes remain positive over time, and use this information to enhance the agency's ability to predict likely competitive consequences in future investigations.
- If there was a failure to investigate a merger or business practice, known to the agency, that had a significant potential for causing competitive and consumer harm, assess whether there were factors that indicated the presence of a competitive problem that the agency should have reasonably been able to identify.
- Assess the burden imposed on merger parties by the HSR merger investigation process, explore ways of reducing that burden without compromising effectiveness of investigations, and explore methods of measuring HSR compliance burden.
- Assess the FTC's efficiency in conducting antitrust investigations, explore ways to increase efficient use of investigatory resources and reduce burdens on business, and explore whether efficiency in conducting investigations can more meaningfully be measured.

## **Objective 2.2: Stop anticompetitive mergers and practices through law enforcement**

This enforcement objective includes both obtaining orders to stop anticompetitive activity (either through litigation or by consent) and ensuring that the remedies imposed by those orders are effective. Conduct that reduces competition is likely to cause consumers to pay higher prices or enjoy lower quality than they otherwise would. Antitrust enforcement provides substantial benefits to consumers by preventing anticompetitive mergers and other coordinated or unilateral conduct that is likely to lessen competition.

### **Strategies**

- Continue to benefit consumers in markets involving billions of dollars in annual sales by challenging anticompetitive mergers and other nonmerger anticompetitive conduct, negotiating consent orders, and winning litigated orders, resulting in millions of dollars in consumer savings.
- Negotiate merger and nonmerger consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects.
- Improve negotiation and litigation skills through continuous learning.
- Apply the merger process reforms to conduct investigations more efficiently, in order to enhance enforcement outcomes while minimizing burdens on business.

- Improve the FTC's capacity to promote consumer welfare by applying the information gained through workshops, hearings, and research projects that improve its understanding of significant antitrust issues.
- Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.
- Continue to integrate e-government initiatives into mission activities.
- Ensure that administrative litigation and adjudication reach a timely resolution.
- Improve the integration of budget and performance by linking goals and objectives to results; develop improved processes for use and analysis of management data.

### **FY 2008 Implementation Plan**

- Challenge anticompetitive mergers and business practices in federal court or through administrative litigation, and obtain relief with significant remedial, precedential, and deterrent effects.
- Resolve anticompetitive mergers and practices, where possible, by negotiating consent orders that secure relief with significant remedial, precedential, and deterrent effects without the need for litigation.
- Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.

- Continue to improve negotiation and litigation skills through training programs. Ensure that lead attorneys and managers collect any important lessons learned at the close of each significant negotiation and litigation and transmit them to appropriate personnel for incorporation in training programs and model pleadings.
- Continue to monitor implementation of divestitures and other requirements of the FTC's merger consent orders. Seek civil penalties where appropriate if a respondent fails to fulfill its obligations under an order in a timely fashion.
- Continue to seek improvements in both the substantive aspects of remedies, as well as the process by which they are derived.

## **FY 2008 Performance Measures**

- Achieve a positive result (including consent orders, litigation victories, or, for mergers, transactions abandoned after recommendation of a complaint) in at least 80% of cases in which the FTC takes enforcement action.
- Take action against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.
- Save consumers an estimated \$500 million through enforcement actions against mergers likely to harm competition in markets.
- Achieve a level of consumer savings from merger enforcement that is at least six times the amount of agency resources (in dollars of total resources) allocated to the merger program during that period.

- Take action against nonmerger anticompetitive conduct in markets with a total of at least \$8 billion in annual sales.
- Save consumers an estimated \$80 million through enforcement actions against nonmerger anticompetitive conduct likely to harm competition in markets.
- Achieve a level of consumer savings from nonmerger enforcement that is at least four times the amount of agency resources (in dollars of total resources) allocated to the nonmerger program during that period.

Because external factors may cause the results to fluctuate significantly from year to year, the latter six goals are to be evaluated in terms of an aggregate target for the five-year strategic plan period, rather than as a yearly target.

These measures evaluate agency performance in several ways: the percentage of enforcement actions that have successful outcomes, the volume of commerce affected (benefited) by merger and nonmerger enforcement action, the estimated dollar savings to consumers resulting from merger and nonmerger enforcement action, and the estimated dollar savings to consumers per dollar of enforcement resources. In the absence of case-specific information, the dollar savings to consumers is conservatively estimated as one percent of the volume of commerce in the affected markets (for two years in merger cases and for one year in nonmerger cases). It is not intended as a precise estimate of consumer savings, but, rather, as an indication of general magnitude. A more precise estimate based on case-specific information will be used whenever possible. The use of a volume of sales performance measure does not mean that the FTC will only investigate and take enforcement action in markets

with large sales volumes. The FTC will continue to investigate and take enforcement action as necessary in all markets where considerable consumer harm is likely. The benchmarks for the estimated dollar savings to consumers per dollar of enforcement resources for merger and nonmerger actions are based on historical experience, reflecting the different mix of cases and the different investigative and enforcement processes.

These measures will help guide the agency in challenging conduct that causes substantial consumer injury through targeting of its resources effectively and efficiently. These measures evaluate appropriate case selection and resolution, whether through litigation or settlement, as well as the crafting of sufficient and effective remedies.

## **Program Evaluations**

- Assess the scope of the FTC's annual merger enforcement activities, as reflected by the volume of commerce in markets in which the agency took merger enforcement action. Determine whether the total volume of commerce in such markets is likely to reach \$40 billion and determine whether the level of consumer savings is likely to reach \$800 million. Compare the likely consumer welfare impact in these markets to the resources spent on the mission.
- Assess the scope of the FTC's annual non-merger enforcement activities, as reflected by the volume of commerce in markets in which the agency took nonmerger enforcement action. Determine whether the total volume of commerce in such markets is likely to reach \$20 billion and determine whether the level of consumer savings is likely to reach \$200 million. Compare the likely consumer welfare impact in these markets to the resources spent on the mission.

- Assess qualitatively the deterrence value and precedential significance of the enforcement actions brought during FY 2008.
- Conduct periodic retrospective studies of past investigative and enforcement activity to determine the extent to which the FTC's case selection process is accurately identifying matters that require FTC intervention.
- Evaluate litigation performance for lessons that may be applicable to future litigation.
- Review the results of major competition research initiatives to identify their usefulness in guiding FTC decisions and influencing other policymakers' approaches to competition issues.

### **Objective 2.3: Prevent consumer injury through education**

The FTC increases awareness of antitrust law through guidance to the business community; outreach efforts to federal, state and local agencies, business groups, and consumers; development and publication of antitrust guidelines and policy statements; and speeches and publications. In carrying out these functions, the FTC strives to ensure that any publicly disseminated data or information subject to the Data Quality Act (section 515 of Public Law No. 106-554) meets basic quality standards.

#### **Strategies**

- Educate consumers and businesses about anti-trust issues through traditional means such as guidelines, advisory opinions, reports, articles in professional or other publications, speeches, and participation in professional organizations.

- Educate consumers through detailed information regarding agency actions on the FTC Web site, and in press releases, reports, articles, and other publications.
- Educate businesses through detailed information regarding agency actions on the FTC Web site, and in press releases, reports, articles, and other publications.
- Continue to conduct and disseminate the results of public hearings, conferences, and workshops on practices and developments in the marketplace and the results of economic research on how markets operate.
- Continue to enhance avenues of communication with consumers and business, such as email and the FTC Web site.
- Ensure that the content of complaints, press releases, and analyses to aid public comment are “transparent,” that is, that they 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 explain why the Commission elected not to take enforcement action in certain matters to further improve the public’s understanding of the FTC’s enforcement policies.
- Engage in outreach to lay groups such as schools to provide information about the work of the FTC and basic principles of economics and competition.
- Engage in outreach to foreign competition agencies to facilitate the agency’s efforts to promote convergence toward sound consumer-welfare-based competition enforcement and policy.



## FY 2008 Implementation Plan

- Issue guidance to help businesses understand and comply with the application of the antitrust laws in certain areas, such as horizontal mergers, international operations, intellectual property, and health care.
- Continue to provide Commission and staff advisory opinions on various competition issues; continue to provide guidance in response to informal requests, particularly concerning HSR matters.
- Monitor the content of complaints, press releases, and analyses to aid public comment to ensure they are “transparent,” that is, that they 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 press releases and other public statements to explain why the Commission elected not to take enforcement action in certain matters to further improve the public’s understanding of the FTC’s enforcement policies.
- Make available prepared texts of speeches and develop other materials that explain FTC policies and procedures.
- Continue to have Commissioners and staff speak at and participate in seminars, panel discussions, and conferences to explain how the FTC analyzes mergers and other business practices.
- Make available to the public the materials relating to public hearings, conferences, and workshops on practices and developments in the marketplace, including transcripts, written submissions, and reports.

- Make available on the FTC's Web site the guidance issued by the FTC, advisory opinions, advocacy comments, written releases, texts of speeches, Bureau of Economics reports, and other materials that explain the FTC's policies and procedures.
- When opportunities arise, engage in outreach to lay groups to provide information about the work of the FTC and basic principles of economics and competition.
- Engage in outreach to foreign competition authorities and international competition organizations.

## **FY 2008 Performance Measures**

- Track volume of traffic on the FTC Web site on antitrust-related pages that are relevant to policymakers, the business and legal communities, and the public at large.
- Track the number of times external print media, such as newspapers, magazines, business and trade journals, and professional journals, publish articles that refer to FTC competition activities and the circulation of the media that publish those articles.

## **Program Evaluations**

- Evaluate what antitrust content on the FTC Web site generates the largest amount of public interest, and why, and use this information in setting future priorities.

- Seek input from consumer groups, business groups, bar groups, international competition organizations, and other FTC “customers” on the effectiveness of FTC educational efforts.
- Evaluate the transparency of FTC merger review policy by assessing the extent to which significant changes in such policy are communicated to stakeholders.

### **Objective 2.4: Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange**

In addition to its enforcement authority, the FTC has unique jurisdiction to gather, analyze, and make public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings. This authority advances the competition mission in numerous ways.

The agency uses the information internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency’s professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications by various entities, including the business sector, the legal community, other enforcement authorities, the judiciary, foreign competition agencies, and governmental decision makers and policymakers at the federal, state, and local levels. In particular, the agency testifies before Congress on competition issues. The FTC uses its expertise to encourage governmental actors at all levels to evaluate both the

costs and the benefits of their policies for consumers, and to ensure such policies promote consumer welfare. This advocacy includes formal and informal dialogue with state and federal policymakers and amicus curiae briefs filed with state and federal courts. Dialogue with competition authorities of other countries and international organizations, and, in some cases, technical assistance to other competition authorities, promotes procedural consistency and the adoption of competition policies that protect and enhance consumer welfare, which ultimately will accrue to the benefit of American consumers as well as those in other countries.

## Strategies

- Conduct public hearings, conferences, and workshops that bring together interested parties to enhance understanding of various practices and developments in the marketplace.
- Conduct studies as requested by Congress and other studies as appropriate.
- Conduct economic studies of the effects of business actions on competition and consumer welfare in accordance with agency data quality standards, as applicable, to ensure the quality of information that may be disseminated publicly.
- Target advocacy activities to encourage state, federal, and foreign government policymakers to evaluate both the costs and the benefits of their policies for consumers, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- File amicus curiae briefs with state and federal courts deciding important competition policy issues urging them to adopt legal rules that benefit consumers by promoting competition.

- Participate in dialogue with competition authorities of other countries and international organizations on trans-national competition issues that affect American consumers and businesses and to promote sound consumer-welfare-based competition policy.
- Participate in technical assistance missions to countries with new competition regimes.

### **FY 2008 Implementation Plan**

- Conduct hearings, conferences, and workshops on significant competition issues.
- Continue to support outreach efforts to international bodies to explain U.S. antitrust perspectives on competition theories and approaches; participate in dialogue with competition authorities of other countries and international organizations on trans-national competition issues that affect American consumers and businesses; continue to aid the development of antitrust laws and programs in developing nations by participating in technical assistance missions.
- File comments or otherwise engage in advocacy with state, federal, and foreign government policymakers to encourage them to adopt policies that maximize consumer welfare by evaluating both the costs and the benefits of their policies for consumers.
- Prepare amicus briefs addressing important competition policy issues under consideration in court proceedings.

## Performance Measures

- Track volume of traffic on the FTC Web site pages relating to research, reports, advocacy, and international cooperation and exchange.
- Convene, or participate substantively in, at least four workshops, conferences, seminars, and hearings involving significant competition-related issues.
- Issue at least eight studies, reports, working papers and issues papers on significant competition-related issues.
- Make at least six advocacy filings with other federal and state government agencies urging them to assess the competitive ramifications and costs and benefits to consumers of their policies.
- Issue at least 2 to 3 advisory opinions to persons seeking agency review of proposed business actions.
- File at least 2 to 3 amicus briefs with courts addressing competition-related issues .
- Track the number of cases on which the agency cooperated with a foreign competition authority, the number of consultations with or comments to foreign competition authorities on competition issues, the number of written submissions to international fora on competition issues, the number of international events attended to discuss competition issues, and the number and level of leadership positions held by FTC staff in international competition organizations.

Because external factors may cause the results to fluctuate significantly from year to year, the latter five goals are to be evaluated in terms of an aggregate target for the five-year strategic plan period. These measures will help ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, advocacy, and international cooperation and exchange to ensure that they are relevant to consumers, policymakers, business, and the legal community.

## Program Evaluations

- Include evaluation forms with workshop and conference materials to help assess whether the workshops and conferences are an effective means of joining the debate relating to these issues.
- Seek input from consumer groups, business groups, bar groups, international organizations, and others on the value of the agency's research, reports, advocacy submissions, and international activities relating to the competition mission.
- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state, federal, and foreign government bodies on competition policies that will have a significant impact on consumers and whether the recipients of these comments have given weight to the views expressed in these comments in making policy decisions that affect consumers.





# FEDERAL TRADE COMMISSION



## PRESIDENT'S MANAGEMENT AGENDA



# President's Management Agenda

In 2001, the Administration announced the President's Management Agenda (PMA), a strategy for improving the management of the federal government. It focuses on five areas of management weakness across the government for which improvements and the most progress can be made. The FTC is committed to this strategy and is managing its resources effectively and achieving immediate, concrete, and measurable results in each of the five PMA initiative areas: human capital; competitive sourcing; e-government; financial management; and integration of budget and performance.

Demands on the agency have grown dramatically over the past decade as commerce has become increasingly electronic, and the economy has become high-tech and global. During this period, the agency has found new ways to meet these growing demands and reach out to more consumers and businesses without an appreciable addition of personnel. To address these issues, the FTC has been engaged in long-term, concerted efforts to work smarter and more effectively. The FTC continues to work to improve management and program performance. The agency has a solid record of assessment, realignment, innovation, and improvement. There are several efforts underway to address, among other areas, recruitment and training, diversity and opportunity, program performance and associated costs, and financial systems modernization, and integrating budget and performance reporting.

## **Initiative: Human Capital Management**

The FTC is committed to enhancing staff training of all types and at all levels. Particularly now, as much of its workforce can contemplate retirement within the next five years, the agency recognizes that professional development for both managers and dedicated support staff enhances both our ability to retain seasoned staff, and to nurture the growth of junior employees. In FY 2006, the FTC hired employees specializing in occupational development to revamp and revitalize the FTC's training programs. In cooperation with one of its two major legal bureaus, these employees have launched a comprehensive continuing legal education curriculum for all agency attorneys. The program includes a multi-year skills acquisition plan to ensure that FTC attorneys acquire and maintain expertise in the areas of consumer protection and/or competition. Training at an off-site facility for new attorneys and economists permits them to learn about the agency and its mission prior to receiving specific assignments. This program has encouraged an agency-wide interest in and commitment to the development of all employees to better ensure employee job satisfaction and opportunity and the availability of employees with requisite skills. The vision for the overall agency employee development program is to satisfactorily address the developmental needs of employees in all career paths within the agency, and to establish an in-house faculty that can deliver high-quality instructional programs to other employees.

The agency is re-instituting a revised Manager Series program, which has been the cornerstone of the agency's management development and is mandatory for all supervisors and managers. The pro-

### **Knowledge Management**

### **Leadership**

## Performance Management

gram focuses on employee relations, performance management, and labor relations. The Leadership Series introduces participants to contemporary issues and concepts for today's manager. The revised program will introduce such topics as motivating the near-retirement employee and coping with "burn-out." Leadership mentors developed in previous years will participate in the development of more junior employees and new-hires, and to mentor employees one-on-one.

In January 2004, the FTC executives moved to a new performance management system that focused heavily on business results as the most important measure of performance success. With each successive year, the emphasis on business results has increased, and performance measures in individual executive performance plans have reflected that emphasis. The FTC has sought and received SES performance plan certification in each year in which such certification has been available, and the agency plans to continue its migration to a business plan focused executive performance management system. As the Senior Executive Service's performance management system has evolved, the agency has continued to more closely tie executive performance expectations to agency strategic goals. As a more outcome-focused performance assessment model becomes the norm for agency executives, the opportunity to successfully revise this approach to defining accomplishment at lower levels increases significantly. In addition to moving toward a greater emphasis on identifying achievement with accomplishment of agency mission objectives, the agency intends to focus more on adherence to merit principles and enhancement of equal employment opportunity goals in its assessment of supervisory and managerial performance accomplishment in the GS ranks, as well as at the SES level.

Over the last 10 years, the agency built an Honors Paralegal Program to relieve attorneys of the routine tasks in investigations and litigation that do not require a law degree and to allow attorneys to focus on complex matters of litigation policy, analysis, and strategy. The Honors Paralegals program depended on the “Outstanding Scholar” appointing authority, an authority implemented by the Office of Personnel Management in conjunction with its acceptance of the consent decree in the Luevano class action case. With the successful challenge to the legality of the “outstanding scholar” appointing authority in 2005, its use was suspended by OPM and by the FTC. However, by this time the need for the Honors Paralegal program had become critical to the FTC’s ability to successfully investigate and litigate antitrust and consumer protection cases. Agency human resources professionals quickly identified alternative recruitment strategies for hiring the right talent, and teamed with program office recruiters to identify suitable talent pools and market the agency to them. As a result, the agency was able to identify, attract, and hire a suitable class of Honors Paralegals in 2006.

In today’s job market, federal agencies that operate under Title V for purposes of recruiting and setting pay for new hires are often at a disadvantage with the private sector and academia. Federal benefits, however, continue to prove very attractive to prospective employees, and can be a deciding factor in a candidate’s choice to accept or decline a job with the FTC. Although the FTC has regularly exercised pay flexibilities available government-wide, the agency believes that focusing even greater attention on the full range of federal benefits will further enhance its ability to attract and hire the employees it needs. In April 2006, therefore, the agency hired a seasoned federal work-life program coordinator to focus full time on these areas and on employee development. In fiscal year 2007, the agency intends

## **Innovative Recruitment**

## **Highlighting Benefits as a Recruitment Tool**

to review options in work-life and other benefits programs and wherever possible expand its program portfolio.

### **Automated Staffing**

In FY 2006, the FTC deployed the Federal Trade-Staffing and Employment Express or “FT-SEE,” an agency-specific adaptation of the QuickHire automated staffing system that allows applicants to apply on-line for open positions. The first recruitment action was completed through the system in January 2006. Agency program offices were assured that no use of the system would be required. Requests to staff positions through the system grew steadily throughout the spring and summer of 2006. By August 2006 approximately 80% of all agency recruitment, including attorney recruitment, is now being conducted through FT-SEE. An important benefit of the system is its ability to provide applicant pool analysis and tracking, an ability the agency previously lacked.

### **Initiative: Competitive Sourcing**

#### **Federal Activities Inventory Reform (FAIR) Act**

The FTC identified 17 commercial FTE in its 2006 FAIR Act inventory (see “Special Notices” at [www.ftc.gov/ftc/who.htm](http://www.ftc.gov/ftc/who.htm)). The agency continues to look for opportunities to compete commercial positions.

#### **Reimbursable Support Service Arrangements**

The FTC has streamlined clerical support, administrative, and technical functions, and replaced positions with reimbursable support service arrangements with other federal agencies. These include significant agency services such as payroll/personnel, accounting/payment system operations, health units, retirement counseling, and the transit subsidy program.

The FTC awarded a performance-based service contract during FY 2006 for the Computer Help Desk Services. Additionally, all new requirements for services are reviewed for consideration as performance-based service contracts.

## **Performance-Based Service Contracting**

### **Initiative: Expanding e-Government**

The FTC has been a leader in the use of technology and the Internet to inform citizens of its mission without having to enlarge its workforce significantly. Starting in the mid-1990s, the FTC began building interlinked public consumer protection Web sites, many in connection with other domestic or foreign law enforcement agencies, to educate consumers and to collect and analyze data on a broad range of consumer protection issues, including high-tech fraud and identity theft.

## **e-Government**

The FTC marked the three-year anniversary of the National Do Not Call Registry in June 2006. The Registry makes it easier and more efficient for consumers to stop receiving telemarketing calls they do not want. Consumers have registered approximately 130 million numbers with the FTC, and about 60 percent were registered on the Internet. Registration is free and is available in both English and Spanish. The Do Not Call Registry has received several national awards, and in 2005, Yahoo! ranked the launch of the FTC's Do Not Call Web site as one of the top 100 moments on the Web in the last 10 years.

## **National Do Not Call Registry**

In June 2006, the FTC and Department of Justice (DOJ) announced that they are implementing an electronic filing system that allows merging parties to submit via the Internet premerger notification filings required by the Hart-Scott-Rodino (HSR) Act.

## **Electronic Filing of Premerger Information**



Electronic filings may be submitted quickly and easily, eliminating the time and expense entailed in duplicating and delivering documents. The Electronic Filing Application (e-Premerger) System is a single integrated system that is more efficient for business filers as well as taxpayers. Businesses need only file at a single location to provide the required information to both the FTC and DOJ, and taxpayers do not need to support two redundant systems. The FTC has managed the development and deployment of this integrated bi-agency system and will operate this system on behalf of the FTC and DOJ.

### **Integrated One-Stop Systems**

The FTC Web site provides a wide array of information about the actions and operations of the agency and direct access to consumer and business education information and publications. In the last several years, electronic distribution of education materials has far surpassed print distribution. The site also permits citizens to file online complaints about consumer fraud and identity theft. These complaints are used to target the agency's law enforcement and education efforts. Consumers currently can access the Web site (including the complaint form) in four languages. Through the [www.consumer.gov/sentinel](http://www.consumer.gov/sentinel) link, consumers can view summary data collected by the FTC, such as the scams that garner the most consumer complaints; the scams that cost consumers most; the number of identity theft complaints, by state; the types of identity theft most frequently reported; and how to spot and avoid fraud and deception online and off. The FTC Web site also has a direct link to the government-wide public site, [www.firstgov.gov](http://www.firstgov.gov).

### **Citizen Information Access**

For over a decade, the FTC has recognized that the complexity of the federal government makes it difficult for citizens to know where to go for information and assistance on consumer issues. In the

1990's, the FTC led a group of five agencies with consumer protection responsibilities to create a Web site, [www.consumer.gov](http://www.consumer.gov), as a "one-stop" link to a broad range of federal consumer information resources available online. This site has become the portal for interagency consumer information that the federal government provides to the public through [www.firstgov.gov](http://www.firstgov.gov).

The FTC Consumer Response Center receives consumer complaints and inquiries through two toll-free telephone lines, postal mail, and the Internet. Information from these complaints and inquiries is collected in a consumer information system database, which contains approximately 5.9 million entries. This information is used to target the FTC's law enforcement and education activities. The FTC also developed and hosts a secure Web site that makes certain consumer fraud complaints accessible to other federal, state, local, and international law enforcement partners. The fraud and identity theft complaints in the database are accessible to more than 1,600 law enforcement partners (e.g., the FBI, the Postal Inspection Service, 50 State Attorneys General, the Secret Service, Social Security Administration Inspector General, and U.S. Attorney Offices). The agency also implemented a Web service to update the FTC Identity Theft database with records from the National White Collar Crime Center. Collecting this information in one database and sharing it electronically with other agencies reduces redundancy and helps the law enforcement community identify general trends in consumer fraud issues, track the illegal activities of specific businesses, and coordinate investigations and litigation.

The FTC's Information Technology Management Office (ITMO) will support a major Consumer Protection initiative to fully outsource the Consumer Information System (CIS) along with all

### **Cross-Agency Information Sharing**

### **Consumer Information System Replacement**

its affiliated systems and processes. Staff will model this effort after the successful National Do Not Call Registry project, employing an integrated team from across the FTC. ITMO will provide information security and technical assistance during this process and define the acceptable architecture. The expected outcome will be a vendor-provided service that meets the FTC needs through a performance-based contract that covers gathering consumer complaints, consolidating complaint information from diverse sources, providing law enforcement access to the complaint data, ensuring the security of the data, and analyzing internal needs. The expected delivery is spring 2008, with the expected retirement of the existing CIS system in fall 2008.

#### **IT Investment Board**

The FTC's ITMO has established an IT Investment Board comprised of FTC senior management in the selection and prioritization of information technology projects that directly support the missions and strategic goals. The Investment Board meets on a monthly basis to review IT Investment for Fiscal Years 2007 and 2008.

#### **Litigation Support Initiative**

ITMO has consulted with the two FTC missions to launch a multi-year initiative to strengthen the FTC's litigation support tools. The initiative has three components: (1) decentralizing litigation support functions by transferring primary responsibility for litigation support from ITMO to the missions; (2) investing designated funds over a two-year period; and (3) establishing centrally managed processes for high volume scanning.

#### **Electronic Filing for Administrative Litigation**

The FTC's Records and Filings Office (RFO) is evaluating options for e-filing in administrative adjudicative matters, and eventually receiving as many filings as possible exclusively in electronic format. Under the current system, parties in administrative litigation submit both paper and electronic filings (with the paper filing constituting the official

record copy). One option under consideration is submission of filings as attachments to Web based forms, as many public comments are now submitted. Enabling parties to e-file in administrative matters without submitting paper filings will increase efficiency in the processing of adjudicative filings, including substantially reducing the need for manual scanning of filings. It will also facilitate posting filings to the FTC Web site. Life cycle management of these records in electronic – rather than paper – format will also provide added efficiencies.

The FTC has undergone a multi-year effort to replace its existing document management system with a new system, Documentum. Individual organization records repositories will be created for inclusion in the new system and the electronic connection made to existing applications so that the Documentum corporate repository can be deployed. The RFO will work with FTC stakeholders to further the development of electronic records management.

In FY 2006, the FTC tested and installed telecommunications equipment providing the capability for growth in the number of desktops supported without impact to network performance. The agency retired several legacy applications and servers, as part of an effort to consolidate services and conserve power and cooling within the data center. In addition, the e-mail architecture was redesigned to include spam filtering appliances, which intercept virus laden and phishing messages before they reach agency in-boxes.

Computer security continued to receive major emphasis during FY 2006. The FTC strengthened security controls on individual desktop computers by deploying anti-Spyware software and has completed the encryption of the hard drives on all laptop computers. Security controls on servers were enhanced by aggressive patching and frequent scanning for vulnerabilities. An automated vulner-

## **Documentum and Electronic Records**

## **Infrastructure Enhancements**

## **Computer Security**

ability management tool was selected and is in the process of being deployed. In addition, the FTC revised its Computer Security Awareness briefings and has begun to deploy a Web-based version. The annual Inspector General evaluation concluded that the FTC had improved its overall security posture from the previous year.

### **Efficiencies in Public Comment Processing**

In FY 2005 and FY 2006, the Records and Filings Office (RFO) greatly expanded its use of Web forms for submission of electronic comments - utilizing Web forms not only for rulemaking proceedings, but also for agency workshops and studies. FTC is now using Web forms for comment submission on the vast majority of proceedings that solicit public comments. RFO is studying a plan to use Web forms for receipt of public comments in all remaining FTC proceedings that solicit public comments. The standard use of Web forms, instead of email boxes, facilitates redaction of home contact information and other processing for Web posting. With the comment review software provided by a vendor, the Web forms also facilitate comment analysis and review by FTC staff. RFO will also work with OGC and OS to revise the address language in Federal Register notices seeking public comments, so that it strongly encourages the public to submit comments in electronic rather than paper format. Increased use of Web based forms for submission of public comments helps the FTC to meet its strategic goals of protecting consumers and maintaining competition.

### **Federal Docket Management System**

RFO was actively involved in the interagency group working on the first release of the government-wide electronic rulemaking system, the Federal Docket Management System (FDMS). FDMS greatly expands the capabilities of regulations.gov and enables federal agencies to organize and manage rulemaking dockets (including public comments) electronically. The FTC plans to migrate from regulations.gov to FDMS during FY 2007.

## Management of e-Records.

In FY 2006, RFO (working with ITMO and the FTC program areas) developed formal e-records file structures as part of the FTC's new Shared Network Space policy. The new file structures and policy will facilitate the FTC's work and ensure proper restrictions on access to electronic records. During FY 2007, RFO will complete an agency-wide inventory of on-site paper records and several major electronic records systems (e.g., CIS, Matter Management System, Do Not Call system, Pre-Merger Notification system). RFO will prepare draft file plans and updated or new records retention schedules for FTC records including those major electronic systems for review by FTC organizations, prior to submitting the retention schedules to the National Archives and Records Administration (NARA) for approval. Also, significantly, all FTC file plans and new/updated retention schedules will be media neutral and will, for the first time, enable FTC to maintain and dispose of records in electronic format (current schedules require paper format). The records retention schedules will be FTC's first for electronic systems. The completed inventory, new file plans, and records schedules will help ensure effective, mission-driven life cycle records management throughout the FTC, including for the agency's major electronic systems. The inventory also enables the FTC to assess the adequacy of documentation for official actions, identify vital records, and assess records security practices. In addition, the inventory enables RFO and ITMO to identify and prioritize additional electronic systems for retention scheduling.

In FY 2007, RFO plans to look to an outside vendor to help with publication of Federal Register Notices. A vendor would add XML tagging to the Federal Register notices, which expedites processing and qualifies the FTC for the lowest rate at the Government Printing Office. By expediting processing of the notices and reducing FTC's costs, this initiative will enable the FTC to improve efficiency and effectiveness.

## Federal Register Notices

## Developing e-Procurement

The FTC's planned and ongoing procurement enhancements are designed around the Integrated Acquisition Environment (IAE), one of the Administration's e-government initiatives. The FTC conducts the majority of its acquisition processes electronically including issuance of solicitations and receipt of proposals. The FTC will continue to identify acquisition tasks suitable for electronic processing.

## Implementing e-Travel

In FY 2006, the FTC implemented FedTraveler, a Web-based e-travel system. The new system provides FTC staff with an automated reservation system and a paperless travel authorization and expense report process. The FTC also offered its employees live instructor training via a WebEx Webcast over the Internet. This training method is the newest and most convenient training method available in the marketplace and very cost effective for training staff in the agency's regional offices.

## Initiative: Improve Financial Performance

### Audited Financial Statements

Prior to a statutorily mandated requirement, the FTC prepared Audited Financial Statements in a timely manner that complied with government-wide accounting standards for ten consecutive years (1997 - 2005). Each year, the agency has received an unqualified opinion with no material weaknesses. The FTC's audited financial statements for FYs 1998 - 2006 can be viewed at [www.ftc.gov/oig/oigaudit.htm](http://www.ftc.gov/oig/oigaudit.htm). Beginning in FY 2004, the financial statements, notes, and other required supplementary information formed Part III of the agency's Performance and Accountability Report (see Linking Goals and Objectives to Results below).

The FTC maintains a small, highly skilled, in-house financial staff and contracts with the Department of Interior's (DOI) National Business Center (NBC) for more routine accounting, payroll, personnel, and voucher payment services. The result is the best use of agency resources and a significant improvement in the accuracy and timeliness of financial data available to agency managers. The FTC meets all Treasury, OMB, and agency financial reporting deadlines.

## **Accurate and Timely Financial Information**

The FTC is in general compliance with all federal accounting principles and standards. As noted above the FTC utilizes the services of DOI NBC which includes hosting the agency's Core Financial Management System (FMS) and certain transaction processing services. However, the Core FMS currently serving FTC has become a legacy system thereby making compliance with financial system requirements increasingly challenging. Further, the NBC has notified the FTC that the software vendor who designed the existing Core FMS will no longer support future releases of the product (CGI-AMS FFS). The FTC is in the process of migrating from its current FMS platform to a new Core FMS, which will be substantially compliant with all aspects of the Federal Financial Management Improvement Act (FFMIA) of 1996. As part of this effort the FTC plans to align its Accounting Classification Code (ACC) structure with OMB's Common Government-wide Accounting Code project currently underway.

## **Federal Accounting and Transaction Standards**

The FTC improved financial services for credit card transactions. Financial staff were trained on a new and interactive online verification and reconciliation system for credit card transactions. Guidance and instructions were developed and issued. To ensure that FTC credit card users are familiar with the new process, training and certification requirements were established. The FTC also expanded the

## **Purchasing Improvements**



use of GSA Advantage, an online supply purchasing system, to its operating bureaus. This system permits online purchase of supplies at a competitive price through a streamlined and paperless acquisition process. Additionally, as part of migrating to a new FMS, the FTC will be upgrading its contract writing (acquisition) system to a module that will be fully integrated with the core financial system. The FY 2008 budget request dedicates almost \$50,000 to acquisition training for staff.

**Contracting Officer  
Technical Representative  
(COTR) Training**

During FY 2006 the Financial Management Office's Acquisition branch developed a computer based training (CBT) course to educate COTRs on their responsibilities and emphasize compliance with the Federal Acquisition Regulation. This CBT will help to ensure that agency COTRs have the prerequisite knowledge that is essential in order to effectively fulfill their responsibilities.

**Initiative: Integrating Budget and Performance**

**Integrating Financial  
and Performance  
Management Systems**

The FTC maintains a data warehouse, updated daily, that stores both financial and program performance data. Costs are related to mission activities in the data warehouse that supports day-to-day operations. In connection with the agency migrating to a new integrated (FMS), the FTC plans to improve the integration of performance goals and objectives with financial data captured and maintained in the Core FMS using capabilities offered by a more robust and modern Enterprise Resource Planning (ERP) solution.

**Program Assessment and  
Rating Tool (PART)**

In FY 2006, the FTC completed the PART review process in conjunction with OMB. At the time this document was prepared, the final results of the review were not published. However, the FTC expects to be rated as an "effective" performing agency.

In FY 2006, the FTC updated its strategic plan for FY's 2006-2011. The plan was streamlined to meet new OMB requirements and more directly link budget and performance goals. The FTC has two strategic goals: Protect Consumers and Maintain Competition, each with four strategic objectives that relate to its performance measures. The plan was circulated to the FTC's stakeholders for comment. It was received favorably by stakeholders and approved by the Commission.

The FTC assigns responsibilities to its budget staff according to program area. The FTC's Budget Office works closely with the programs to build budget plans that ensure the most efficient use of the agency's resources to achieve the goals of the annual Government Performance and Results Act (GPRA) Performance Plan. The agency also monitors implementation of operating plans by programs through the use of financial systems and periodic reports. The Budget Office conducts detailed reviews of the status of programs' budget execution throughout the fiscal year to ensure that funds are sufficient to meet objectives. The FTC requires program managers to report on GPRA Performance Measures each quarter, and the FTC's Commissioners review this information twice a year.

The agency is working to improve the link between performance and budget, both by refining the selection and the measurement of performance goals and measures and by developing improved management processes for data use and analysis. Further, as noted above, the FTC will be realigning its ACC structure to facilitate linking performance goals and objectives to actual cost data. Over time, this work will enhance agency performance by improving the quality, access, and timeliness of management information throughout the FTC. In November 2006, the FTC published its fourth

## **Strategic Plan**

## **Integrating Planning/ Evaluation and Budget**

## **Linking Goals and Objectives to Results**

Performance and Accountability Report (PAR) linking its FY 2006 goals, objectives, performance, and audited financial statements. In addition, the FTC's Strategic Plan for FYs 2006-2011, developed under the GPRA, identifies five-year strategies and performance measures that are an integral part of each fiscal year's budget request. The Strategic Plan articulates strategies and measures that effectively relate to outcomes and that integrate budget and performance. The annual GPRA Performance Plans provide an assessment of the savings and benefits to consumers and businesses expected from the requested level of resources. Budget requests are tied to the GPRA objectives, and all requests to increase resources are justified in the Performance Plan and are tied to programs. The FTC's Performance and Accountability Reports, Strategic Plan, and Performance Plans can be viewed at [www.ftc.gov/opp/gpra/index.htm](http://www.ftc.gov/opp/gpra/index.htm).

### **Aligning Budget Accounts and Program Activities**

The agency allocates resources to programs based on program goals and workload projections. As workload projections change throughout the year, the agency shifts resource allocations accordingly, making certain to comply with congressional parameters. The FTC uses its annual GPRA Performance Plan as the guideline to align agency resources to achieve targets. FTC budget staff work closely with program managers to ensure alignment of budget accounts, staff, and program activities to support program goals.

### **Financial Management 5-Year Strategic Plan**

In FY 2004, the FTC adopted a 5-year strategic plan to institute a state-of-the-art, integrated core financial management system that encompasses accounting, budget, acquisitions, and performance measurement requirements. The goal is to offer FTC managers and staff accurate and timely financial management data and flexible query and reporting tools in a one-stop, easy-to-navigate system. In

FY 2006, the Financial Management Office formed a Financial Systems, Internal Controls, and Policy Branch, which will oversee the migration to a new financial management system. System requirements have been drafted, and the process to select a system is being planned. A new managerial cost accounting and performance system is a planned component of the new integrated financial management system. The improved system will allow easier access to financial information and performance information to facilitate management decisions and agency reporting.