FEDERAL TRADE COMMISSION

FISCAL YEAR 2014
Summary of Performance and Financial Information

The Agency's Mission, Performance Results, and Key Financial Information


FEDERAL TRADE
COMMISSION

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ABOUT THIS REPORT

This Summary of Performance and Financial Information Report summarizes the Federal Trade Commission's (FTC) Fiscal Year (FY) 2014 Annual Performance Report (APR) and FY 2014 Agency Financial Report (AFR) and is intended for a general audience of consumers, businesses, and other stakeholders. This report provides readers with an understanding of the FTC's mission, programs, performance results, and financial highlights for the year. Web links throughout this report direct readers to relevant documents including the FY 2014 AFR, the FY 2014 APR, and the FY 2016 Congressional Budget Justification for detailed information. This Summary report is available at http://www.ftc.gov/about-ftc/performance.

THE FTC-AT-A-GLANCE

LAWS ENFORCED

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

PROFILE

- The agency is headquartered in Washington, D.C. and operates with seven regions across the United States.
- The agency had 1,164 full-time equivalent employees at the end of FY 2014.
- Total new budget authority for FY 2014 was $298 million.

MESSAGE FROM THE CHAIRWOMAN

Edith Ramirez

Chairwoman

The Federal Trade Commission has a unique dual mission to protect consumers and promote competition in broad sectors of our economy. In FY 2014, the FTC continued to exemplify good government, effective law enforcement, and outstanding outreach to consumers, businesses, and our law enforcement partners around the world. This Summary of Performance and Financial Information illustrates how we managed our resources, highlights our major accomplishments, and outlines our plans to address the challenges ahead.

FY 2014 PERFORMANCE HIGHLIGHTS

CONSUMER PROTECTION

This fiscal year, the FTC has focused on stopping a wide range of fraudulent practices, protecting consumer privacy and improving data security, combating unfair or deceptive conduct in the mobile marketplace, and prosecuting false or deceptive health and environmental claims.

The FTC has taken enforcement action to stop a variety of fraudulent practices, such as phony business opportunities and investment schemes. The FTC also has stopped scams that target specific communities, such as seniors or non-English speaking consumers. In one such case, at the request of the FTC, a federal court temporarily halted Oro Marketing, a telemarketing operation that allegedly targeted Spanish-speaking consumers with false promises that they could make money by reselling high-end goods such as Gucci and Ralph Lauren merchandise, and then charged them between $400 and $490 up-front for shoddy, off-brand products. The Agency also alleged that the telemarketers threatened consumers who refused to pay with arrest and phony lawsuits.

In the financial sector, the FTC announced "Operation Steer Clear," a nationwide sweep focusing on the sale, financing, and leasing of motor vehicles. The FTC charged ten auto dealers with making a variety of misrepresentations in their advertisements, falsely leading consumers to believe they could purchase vehicles for low prices, finance vehicles with low monthly payments, or make no upfront payment to lease vehicles.

The FTC has employed a multi-pronged approach to protect the privacy of consumers' personal information, including both policy efforts and law enforcement. Aaron's, a national rent-to-own retailer, agreed to settle FTC charges that it knowingly played a role in its franchisees' installation and use of software on rental computers that secretly monitored consumers, including taking webcam pictures of them in their homes. Credit Karma and Fandango agreed to settle FTC charges that they misrepresented the security of their mobile apps and failed to secure the transmission of millions of consumers' sensitive personal information from their mobile apps. Snapchat, the developer of a popular mobile messaging app, agreed to settle FTC charges that it deceived consumers with promises about the disappearing nature of messages sent through the service. These settlements are part of the FTC's ongoing effort to ensure that companies secure the applications they develop and keep their privacy promises to consumers.

In the technology sector, Apple Inc. and Google Inc. agreed to pay a minimum of $32.5 million and $19 million respectively, to settle FTC charges that the companies billed consumers for millions of dollars of charges incurred by children in kids' mobile apps without their parents' consent. Under the terms of the settlement agreements, the companies are required to change their billing practices to ensure that they have obtained express, informed consent from consumers before charging them for purchases made in mobile apps. The FTC also charged Amazon.com, Inc. with allegedly billing parents and other account holders for millions of dollars in unauthorized in-app charges incurred by children. The FTC's lawsuit seeks a court order requiring refunds to consumers for the unauthorized charges and requiring the company to obtain consent before billing for in-app charges.

The FTC continues to take action to fight mobile cramming to deter third parties from placing unauthorized charges on consumers' phone bills. The operators of Bullroarer, a massive mobile cramming scheme, agreed to surrender more than $10 million in assets to settle FTC charges they allegedly placed charges on consumers' mobile phone bills without their permission. The assets include the contents of numerous bank accounts; real estate in Los Angeles, Beverly Hills, and Chicago; and a number of cars and pieces of jewelry. The FTC charged mobile phone service provider T-Mobile USA, Inc. with making hundreds of millions of dollars by placing charges on mobile phone bills for purported "premium" SMS subscriptions that, in many cases, were bogus charges that were never authorized by its customers. According to the FTC's complaint, T-Mobile in some cases continued to bill its customers for these services offered by scammers years after becoming aware of signs that the charges were fraudulent.

The FTC continues to take action to stop false and unsubstantiated health claims. The FTC works to ensure that energy-efficient and environmentally-friendly product claims are truthful and based on solid evidence.

PROMOTING COMPETITION

The FTC actively enforces the antitrust laws in a range of industries of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. The agency has pursued new competition law enforcement actions (merger and non-merger), conducted several important workshops, published reports, and pursued advocacy opportunities to promote competition and educate stakeholders about its benefits. The FTC also continued to vigorously monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the Hart-Scott-Rodino (HSR) Act.

In FY 2014, merger enforcement actions spanned numerous markets, including pharmaceuticals, hospitals, funeral homes and cemeteries, high tech goods, professional services, and supermarkets. The FTC brought four new non-merger actions including challenges to illegal coordination by competitors to increase prices, to restrict solicitation of competitors' clients, and to eliminate competition for endorsers of their products and for employees.

For the third time in two terms, the Supreme Court has granted certiorari in a case brought by the FTC. In May 2013, the U.S. Court of Appeals for the Fourth Circuit upheld a Commission ruling that the North Carolina State Board of Dental Examiners illegally thwarted lower-priced competition by engaging in anticompetitive conduct to prevent non-dentists from providing teeth whitening services to consumers in the state. Specifically, the Fourth Circuit agreed with the Commission that a state regulatory board dominated by self-interested private actors cannot shield its anticompetitive conduct from antitrust review using the state action doctrine. After an administrative trial, the Commission had upheld an FTC administrative law judge's decision that the Dental Board's conduct had a clear tendency to suppress competition and lacked any countervailing precompetitive justification, and also that there was direct evidence of anticompetitive effects. In March 2014, the Supreme Court granted the North Carolina State Board of Dental Examiners' petition for certiorari; the case was heard this fall.

The health care and pharmaceutical industries were again a priority area for competition enforcement. In general, the agency works to promote competition in health care by preventing anticompetitive health care mergers and acquisitions, stopping harmful joint conduct by health care providers, and eliminating impediments to entry by generic drug producers. The FTC devotes significant resources to energy markets as well.

The FTC continues to review proposed acquisitions involving energy products under the HSR Act and to monitor the industry for transactions that were not subject to filings under HSR.

OUTREACH AND PARTNERSHIPS

Consumers, industry, and our law enforcement partners keep us informed about real-world trends and challenges in the marketplace. Consumers can contact us online or via toll free phone numbers. Our public outreach also includes online resources, such as www.ftc.gov, much of which is also available in Spanish. We also provide updates on Facebook and Twitter, and host educational videos on the FTC's YouTube channel. The FTC's online Business Center offers extensive guidance to businesses.

FINANCIAL MANAGEMENT

Being diligent and responsible stewards of the public resources that the American taxpayers and Congress provide to us is one of our most important jobs. For the FY 2014 independent financial audit, we received our 18th consecutive unmodified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. I am pleased to report that management's assessment of risks and review of controls also disclosed no material weaknesses (see FY 2014 AFR) and that the financial and performance data presented is reliable and complete.

FUTURE CHALLENGES

In pursuing our strategic goals and objectives, many of the FTC's challenges are defined by the conditions of the marketplace, and thus are ever-changing. We work to stay informed about new technologies, which can bring tremendous benefits to consumers, but also pose challenges on both the competition and consumer protection fronts. For a more detailed description of our mission challenges that have been identified by senior management, see FY 2014 AFR.

Additionally, the Reports Consolidation Act of 2000 requires the Inspector General (IG) to determine key management and performance challenges facing the agency, and to assess our progress in addressing them. The IG identified securing the agency's information systems and networks from destruction, data loss, or compromise; leveraging the value of investments and work performed; recruitment, retention, and staff size; and ensuring compliance with digital records management requirements as the most significant challenges facing the FTC. Agency management agrees that these are critical challenges, and concurs with the IG's assessment of our progress in addressing the challenges.

All of us at the FTC look forward to continuing our work to protect American consumers and promote competition along with our partners and colleagues in Congress, industry, and domestic and international law enforcement.

Edith Ramirez


FEDERAL TRADE
COMMISSION

AGENCY AND MISSION INFORMATION

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

VISION

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

MISSION

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

OUR PURPOSE AND HISTORY

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, the product warranties, care labels in clothes, and labels on home appliances showing energy costs provide information that is required by the FTC. Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable information. These laws are enforced by the FTC.

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

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

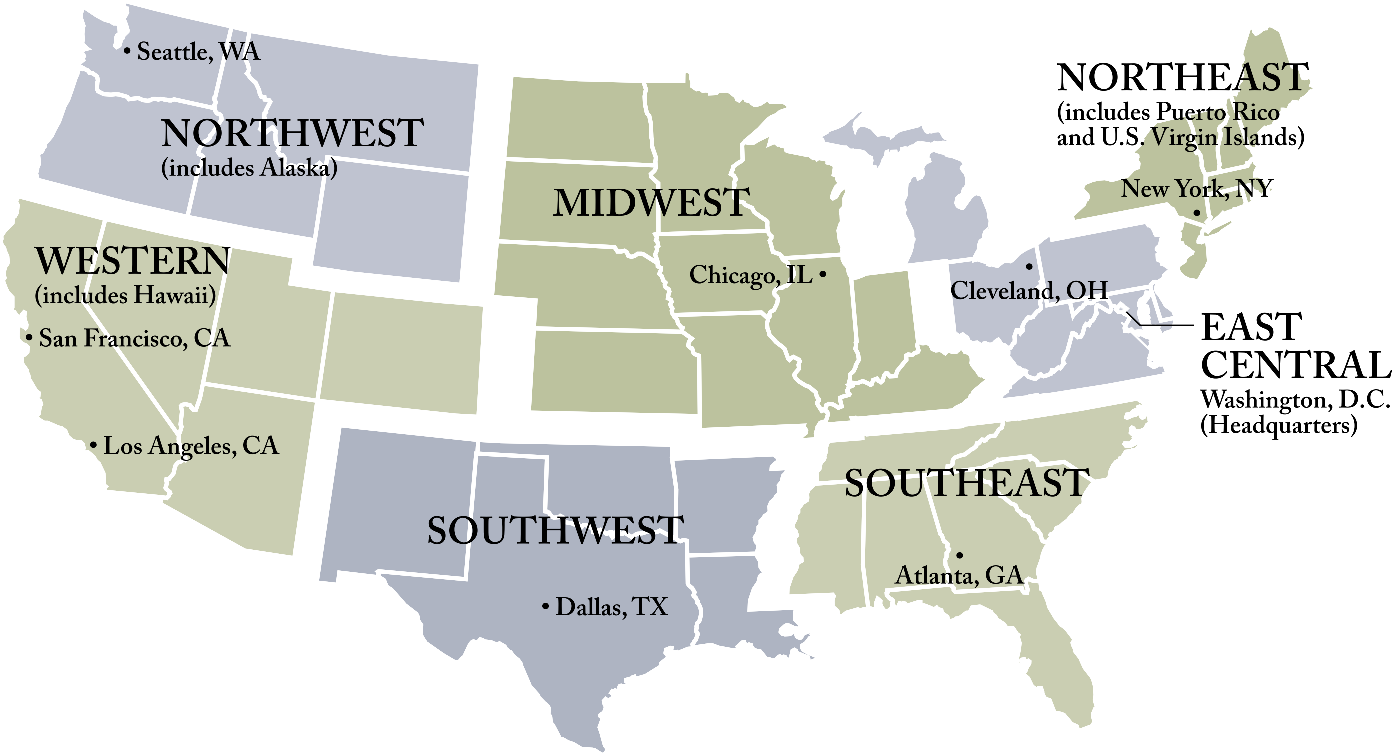
When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices. Recognizing that unfair and deceptive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

OUR ORGANIZATION

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

The FTC Commission as of September 30, 2014: (left to right) Joshua D. Wright, Commissioner; Julie Brill, Commissioner; Edith Ramirez, Chairwoman; Maureen Ohlhausen, Commissioner; Terrell McSweeny, Commissioner.

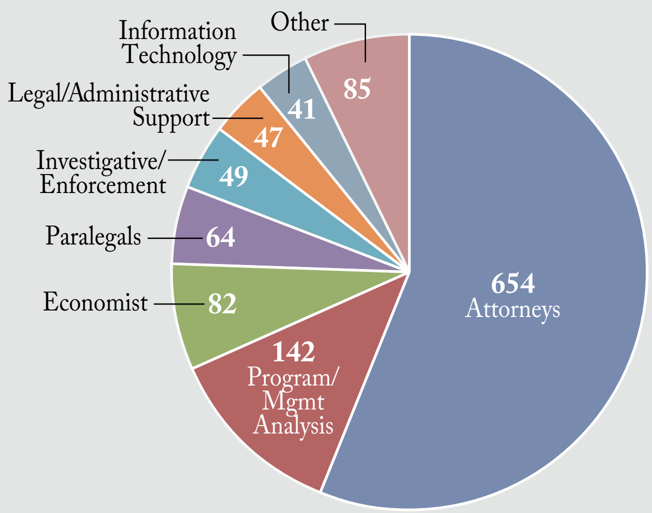
The FTC's mission is carried out by three bureaus: the Bureau of Consumer Protection, the Bureau of Competition, and the Bureau of Economics. Their work is aided by the Offices of the General Counsel, International Affairs, Policy Planning, the Secretary, the Executive Director, Congressional Relations,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



OUR PEOPLE

The FTC's workforce is its greatest asset. The agency's workforce consists of 1,164 civil service employees dedicated to addressing the major concerns of the American consumers. The chart below shows workforce composition by category.

FTC'S WORKFORCE COMPOSITION



PERFORMANCE OVERVIEW

STRATEGIC AND PERFORMANCE PLANNING FRAMEWORK

The FY 2014 performance planning framework originates from the FTC's Strategic Plan for Fiscal Years 2014 to 2018 and is supported by the FTC's Performance Plan. The FTC's work is structured around three strategic goals and eight objectives. The table below shows the FTC's net costs for its strategic goals and objectives.

Strategic Goal	Objective	Performance
PROTECT CONSUMERS **Net Costs: $157 million**	Identify and take actions to address deceptive or unfair practices that harm consumers.	2 of 4 Key Performance Goals Met or Exceeded Target *(FY 2014 is baseline year for two performance goals)*
	Provide the public with knowledge and tools to prevent harm to consumers.	
	Collaborate with domestic and international partners to enhance consumer protection.	
MAINTAIN COMPETITION **Net Costs: $18 million**	Identify and take actions to address anticompetitive mergers and practices that harm consumers.	3 of 4 Key Performance Goals Met or Exceeded Target
	Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	
	Collaborate with domestic and international partners to preserve and promote competition.	
ADVANCE ORGANIZATIONAL PERFORMANCE *Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1's and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.*	Optimize resource management and infrastructure.	1 of 1 Key Performance Goal Met or Exceeded Target
	Cultivate a high-performing, diverse, and engaged workforce.	

Note: Net Costs represent the resources used to achieve goals and objectives and signify the relative efficiency and cost-effectiveness of agency program/operations. Additional details are located in Note 11 of the FY 2014 AFR.

PERFORMANCE MEASUREMENT REPORTING PROCESS

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

KEY PERFORMANCE GOALS AND EFFICIENCY MEASURES

The FTC has established performance goals for assessing program performance against strategic goals and objectives. Of the 29 performance goals, nine are considered "key" performance goals because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. Additionally, four performance goals are considered efficiency measures because either they are ratios of outcomes to inputs or they capture administrative timeliness. For each performance goal, the FTC has established a performance target. The tables that follow present the results over several years, when possible, of the key performance goals and efficiency measures tracked in the FTC's strategic plan. They are presented by strategic goal and objective.

STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.

KEY/EFFICIENCY PERFORMANCE GOAL 1.1.3

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
Baseline Year	769.0%*	N/A	N/A	N/A	N/A

BASELINE YEAR. During FY 2014, the agency saved consumers over seven times the amount of resources devoted to the consumer protection program, or $701.82 million. This is largely attributable to the consumer savings from the Sensa Products, Fortune Hi-Tech Marketing, and TriVita cases.

*In December 2014, the Court vacated the default judgment and order of permanent injunction in a case from FY 2014 and reinstated the preliminary injunction order. The FY 2014 Actual for measure 1.1.3 has been revised from what was shown in the FY 2014 Agency Financial Report to reflect the removal of the case from the calculation.

KEY PERFORMANCE GOAL 1.1.4

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
Baseline Year	$66.9 million	N/A	N/A	N/A	N/A

BASELINE YEAR. In FY 2014, the FTC returned $38.58 million to consumers and forwarded $28.27 million to the U.S. Treasury. The FTC returned money to consumers in the Ab Circle Pro, American Tax Relief, and Central Coast Nutraceuticals cases, among others. The money returned to the U.S. Treasury included civil penalties obtained in settlements with Telecheck Services, Time Warner Cable, and National Attorney Collection Services.

Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.

KEY PERFORMANCE GOAL 1.2.2

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
11,250	12,205 ✔	12,300	11,236 ✖	12,000	11,298 ✖

Key Performance Goal 1.2.2

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

Target Met/Exceeded. The FTC increased the number of partners using consumer and business education materials by employing targeted outreach programs and leveraging cost-effective outlets, such as social media. In FY 2014, targeted mailings promoted Arabic language immigration materials, new Spanish language "fotonovelas," Pass It On information for older consumers, and a revised version of Net Cetera: Chatting with Kids About Being Online. Materials are promoted through the agency's websites, blog posts, webinars, Twitter chats, and Facebook posts.

Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.

Key Performance Goal 1.3.2

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
40	45 ✔	30	61 ✔	30	56 ✔

Target Met/Exceeded. In FY 2014, the FTC cooperated in 45 instances on consumer protection and privacy matters to share evidence or provide other assistance for investigations and litigation with authorities in numerous jurisdictions, including Australia, Canada, China, Costa Rica, the Dominican Republic, the European Union (Europol), Ireland, Italy, Mexico, Nigeria, Portugal, Romania, Slovakia, Spain, Thailand, and the United Kingdom. Foreign authorities assisted the FTC in activities such as locating investigative targets and defendants, obtaining corporate records, obtaining witness statements, and providing investigative information. The FTC also provided assistance to numerous foreign authorities. In several instances, the information the FTC provided to the foreign entity involved a parallel proceeding or reciprocal assistance to the FTC. The FTC also engaged in mutual assistance with international enforcement organizations such as the International Consumer Protection Enforcement Network, the Global Privacy Enforcement Network, the London Action Plan anti-spam network, and the International Mass Marketing Fraud working group.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.

Key Performance Goal 2.1.1

Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations. (Outcome measure)

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
40.0-60.0%	57.1% ✔	40.0-60.0%	42.2% ✔	40.0-60.0%	43.1% ✔

Key Performance Goal 2.1.1

Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations. (Outcome measure)

Target Met/Exceeded. The agency achieved successful outcomes in 24 of the 42 substantial merger and nonmerger investigations concluded in FY 2014. These 24 actions include 19 consent orders, 3 merger transactions that were withdrawn or restructured as a consequence of the antitrust concerns raised during the investigation, 1 case in which the agency issued a consent order after filing a complaint in federal court, and 1 case in which the parties abandoned their transaction in response to the agency's complaint.

The agency brought 18 merger actions in second request or compulsory process investigations in a wide variety of industries such as pharmaceuticals and medical devices (Thermo Fisher/Life Technologies, Endo Health Solutions/Boca Life Science, Akorn/Hi-Tech Pharmacal, Forest Laboratories/Actavis, Valeant Pharmaceuticals International/Precision Dermatology), supermarkets (Albertson's/United Supermarkets, Bi-Lo Holdings/Delhaize Group), hospitals (Community Health Systems/Health Management Associates), databases (CoreLogic/TPG), consumer goods (Jostens/American Achievement Group), and glass beer and spirits containers (Ardagh/Compagnie De Saint-Gobain).

On the nonmerger side, the FTC brought six actions against anticompetitive tactics that the agency had reason to believe harmed consumers or competition. In FY 2014, the FTC issued four settlement orders prohibiting restraints in professional codes of ethics (the Music Teachers National Association, the California Association of Legal Support Professionals, the National Association of Teachers of Singing, and the National Association of Residential Property Managers). The FTC settled charges against two Internet barcode resellers who invited competitors to join in a collusive scheme to raise the prices for barcodes sold over the Internet. In another conduct case, the FTC settled charges against two ski manufacturers who agreed not to compete with each other to secure endorsements by professional skiers or hire employees.

Of the 18 substantial investigations that were closed without an action, 12 involved nonmerger matters and 6 were merger matters.

Key/Efficiency Performance Goal 2.1.3

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
2,600.0%	2,505.2% ✖	1,300.0%	1,382.2% ✔	1,300.0%	1,492.4% ✔

Target Not Met. In FY 2014, the FTC saved consumers more than 25 times the amount of resources devoted to the merger program. The target for FY 2014 was adjusted to correspond with the FY 2014 target increase for Performance Goal 2.1.2. While the agency met its target for Performance Goal 2.1.2, it narrowly missed the target for Performance Goal 2.1.3, due to three significant merger matters still pending before a judge that required the allocation of considerable resources. The agency will continue to monitor the results for this measure and reassess the target if necessary.

Key/Efficiency Performance Goal 2.1.5

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
1,850.0%	2,028.3% ✔	2,000.0%	2,296.0% ✔	2,000.0%	1,831.7% ✖

Target Met/Exceeded. In FY 2014, the FTC saved consumers more than 20 times the amount of resources it devoted to the nonmerger enforcement program. As mentioned under Performance Goal 2.1.4, the agency exceeded the target in FY 2011 and FY 2010 primarily due to one case, which involved Intel Corporation. The targets for FY 2012 through FY 2014 were adjusted upward as a result.

Additionally, as mentioned in Performance Goal 2.1.4, nonmerger/conduct cases historically take longer than merger cases to investigate and bring to a final enforcement action. For example, the agency is currently in the midst of litigation in six nonmerger cases which did not conclude in FY 2014.

Targets for future years have been adjusted based on prior year results and expected future performance. The effect attributable to the Intel case in FY 2010 will expire in FY 2015.

Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.

Key Performance Goal 2.3.1

Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes. (Output measure)

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
95.0%	100.0% ✔	90.0%	100.0% ✔	90.0%	100.0% ✔

Target Met/Exceeded. In FY 2014, the FTC had 63 substantive contacts in 37 enforcement matters with counterpart agencies around the world including Australia, Brazil, Canada, China, the European Union, France, Germany, Japan, Korea, Mexico, Russia, and the United Kingdom. Those agencies reached compatible outcomes in all of the cases that were completed within the fiscal year. While the FTC will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies begin to assert their jurisdiction.

STRATEGIC GOAL 3: ADVANCE ORGANIZATIONAL PERFORMANCE

Objective 3.1: Optimize resource management and infrastructure.

Efficiency Performance Goal 3.1.4

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
6 days	5.4 days ✔	N/A	7.4 days	N/A	5.3 days

Efficiency Performance Goal 3.1.4

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

Target Met/Exceeded. In FY 2014, the FTC endeavored to process noncomplex Freedom of Information Act (FOIA) requests in less than six days. Despite an increase in the number of FOIA requests received, the FTC exceeded its goal by processing noncomplex requests within an average of 5.4 days. Also, the FTC received the highest rating for its FOIA program in the Department of Justice's (DOJ) 2014 Summary of Agency Chief FOIA Officer Reports Assessment of Federal Departments and Agencies. The report contained an overall assessment of the FTC's performance in processing FOIA requests and the steps taken to ensure the agency maintains an efficient and effective system in place for responding to requests. Due to the FTC's high ranking, DOJ invited FTC's Chief FOIA Officer to serve on a DOJ training panel to assist other federal departments and agencies.

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

Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.

Key Performance Goal 3.2.2

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

2014		2013		2012	
Target	Actual	Target	Actual	Target	Actual
Exceed the government-wide results of 55.0% on the Federal Employee Viewpoint Survey's Talent Management Index.	70.0% ✔	56.0%	69.0% ✔	59.0%	70.0% ✔

Target Met/Exceeded. The government-wide results for Talent Management Index were 55.0% and the FTC received results of 70.0%. Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC ranked second in Talent Management.

✔ Target Met/Exceeded ✖ Target Not Met

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

David Rebich
Chief Financial Officer

I am pleased to join Chairwoman Ramirez in presenting the FTC's Summary of Performance and Financial Information (SPFI) for Fiscal Year 2014. The SPFI is a useful summary of the FTC's use of resources, operating performance, key performance goals and efficiency measures, and financial stewardship. It includes comparative Principal Financial Statements and Footnotes for FY 2014 and FY 2013, respectively. These financial statements, coupled with the agency's Performance Highlights, demonstrate how the FTC optimizes the use of its financial resources to protect consumers and maintain competition.

Our independent auditor, Brown and Company, has issued an unmodified (clean) opinion on the agency's financial statements. This marks the 18th consecutive year that the FTC has received an unmodified opinion on its financial statements. The FTC is proud to report that the auditors reported no material weaknesses or significant deficiencies. We achieved these results by:

- Closing 16 outstanding recommendations from internal and external reviews and from the Office of the Inspector General (OIG) stemming from previous financial statement audits;
- Conducting regular reconciliations between financial subsidiary ledgers and the general ledger;
- Instituting the Standard General Ledger posting logic and tie point analysis necessary to meet Treasury reporting requirements;
- Ensuring that all new contracts have the proper documentation as required by the FAR; and
- Enhancing the documentation of our financial management business cycles.

These accomplishments provide the foundation for sound financial management. To ensure our future success, we need to continue improving our processes, serving our customers, and addressing other challenges. The FTC is committed to implementing processes that improve internal controls and optimize the use of our financial resources.

On behalf of the Chairwoman and all of us in the Financial Management Office, I would like to extend our special thanks to the financial management, performance measure reporting officials, and other program professionals throughout the FTC. Your dedication and hard work has enabled the FTC to deliver efficient programs and accurate, transparent, and timely financial information to the public. Your service to the FTC and the American public is greatly appreciated.

FINANCIAL HIGHLIGHTS

The financial highlights that follow provide an overview and comparison of the FY 2014 and FY 2013 financial statements of the FTC. An independent auditor audited the FTC's Financial Statements for the fiscal years ending September 30, 2014 and 2013 and for the 18th straight year, the FTC received an unmodified (previously called unqualified) audit opinion on its audited financial statements. A summary of the information contained in the financial statements is presented in the tables below. The complete financial statements, including the independent auditor's report, Notes to the Financial Statements, and supplementary information are presented in the Financial Section of the FY 2014 AFR.

CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 2014 AND 2013 (DOLLARS IN MILLIONS)

	FY 2014	FY 2013	% Change
Fund balances with Treasury	$ 239	$ 207	16%
Cash and other monetary assets	29	18	58%
Accounts receivable, net	65	25	164%
General property and equipment, net	64	22	190%
Total Assets	$ 397	$ 272	46%
Liability for redress collected	$ 134	$ 66	103%
Liability for redress to be collected	63	24	165%
Accounts payable and other	32	29	12%
Total Liabilities	$ 229	$ 119	92%
Cumulative results of operations	168	153	10%
Total Net Position	$ 168	$ 153	10%
Total Liabilities and Net Position	$ 397	$ 272	46%

STATEMENT OF NET COST SUMMARY FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013 (DOLLARS IN MILLIONS)

	FY 2014	FY 2013	% Change
Protecting Consumers:			
Gross costs	$ 171	$ 165	4%
Less: earned revenue	(14)	(14)	0%
Net Cost - Protecting Consumers	157	151	4%
Maintaining Competition:			
Gross costs	$ 124	$ 122	2%
Less: earned revenue	(106)	(81)	32%
Net Cost - Maintaining Competition	18	41	-56%
Net Cost of Operations	$ 175	$ 192	-9%

BALANCE SHEET – OVERVIEW

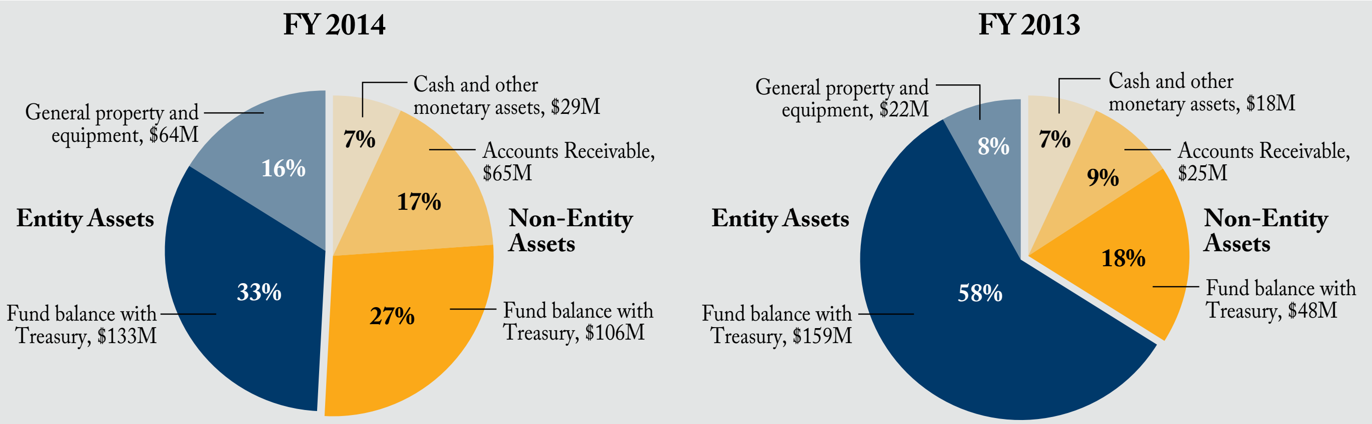
ASSETS

The FTC's assets consist of both entity and non-entity assets. The assets that the FTC is authorized to use in its operations are entity assets; the assets held on behalf of others are non-entity assets. The FTC's total assets were $397 million at September 30, 2014, an increase of $125 million, or 46 percent, over the FY 2013 total. The largest increase occurred in non-entity assets, which comprised half ($200 million) of the total assets on the FTC's Balance Sheet.

Non-entity assets include collections and accounts receivable that arise from court-ordered judgments for monetary relief in the consumer redress program and civil monetary penalties. Non-entity assets increased by $109 million, or 120 percent, in FY 2014 due to a $58 million increase in the fund balance with Treasury (deposit fund) for consumer redress, an $11 million increase in cash held for consumer redress, and a $40 million increase in accounts receivable, of which $39 million, is for consumer redress and $1 million is for civil penalties. (Civil penalty collections are transferred to Treasury at year-end, and therefore, are not included in the FTC's fund balance with Treasury.)

Entity assets increased by $16 million, or 9 percent, in FY 2014. This increase is due, in part, to an increase of $42 million in capitalized leasehold improvements, equipment, and technology infrastructure for the new FTC facility at Constitution Center, in Washington, DC. This increase was partially offset by a decrease of $26 million in the fund balance with Treasury, due to an increase in payments on purchases related to the occupancy of Constitution Center.

ENTITY AND NON-ENTITY ASSETS



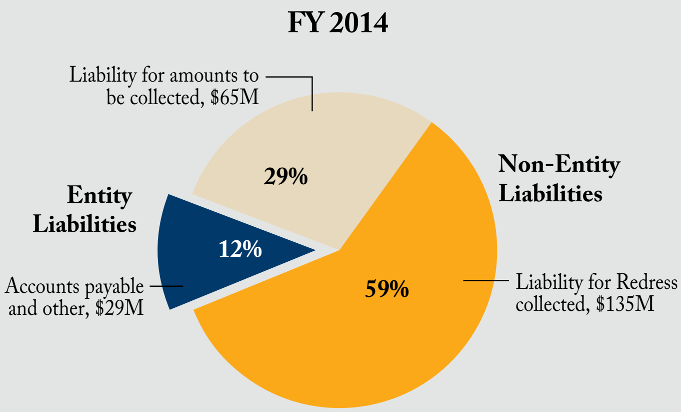
Assets	FY14	FY13	Change
Entity Assets			
Fund balance with Treasury	$ 133	$ 159	$ (26)
General property and equipment	64	22	42
	$ 197	**$ 181**	**$ 16**
Non-Entity Assets			
Fund balance with Treasury	$ 106	$ 48	$ 58
Accounts receivable	65	25	40
Cash and other monetary assets	29	18	11
	$ 200	**$ 91**	**$ 109**
Total Assets	**$ 397**	**$ 272**	**$ 125**

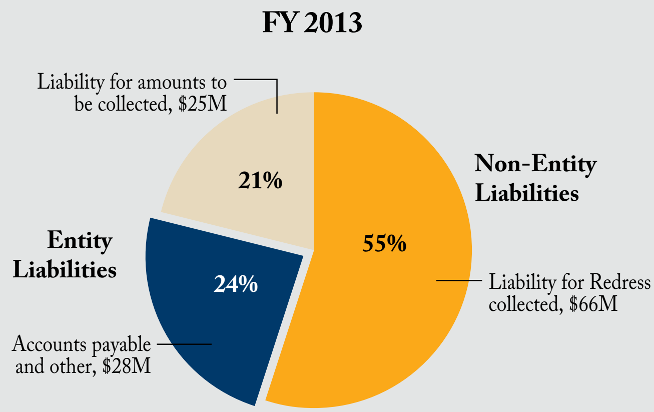
LIABILITIES

The FTC's total liabilities were $229 million at September 30, 2014, an increase of $110 million, or 92 percent, over the FY 2013 total. The FTC's non-entity liabilities accounted for the largest increase. The non-entity liabilities, which are an offset (and equal) to the non-entity assets on the FTC's Balance Sheet, represent amounts collected or to be collected that will be distributed as consumer redress or transferred to the general fund of the Treasury in a subsequent period.

Non-entity liabilities increased by $109 million, or 120 percent, due to a $69 million increase in consumer redress funds collected and held either in the fund balance with Treasury deposit fund or as cash and other monetary assets in financial institutions, and a $40 million increase in amounts to be collected (accounts receivable) for consumer redress ($39 million) and civil penalties ($1 million).

ENTITY AND NON-ENTITY LIABILITIES





Liabilities	FY14	FY13	Change
Entity Liabilities			
Accounts Payable, and other	$ 29	$ 28	$ 1
	$ 29	**$ 28**	**$ 1**
Non-Entity Liabilities			
Liability for redress collected	$ 135	$ 66	$ 69
Liability for amounts to be collected	65	25	40
	$ 200	**$ 91**	**$ 109**
Total Liabilities	**$ 229**	**$ 119**	**$ 110**

NET POSITION

The FTC's net position was $168 million at the end of FY 2014, an increase of $15 million, or 10 percent, over the FY 2013 total. Net position is comprised of cumulative results of operations.

Financing sources from appropriations used during the year were $181 million and imputed financing sources totaled $9 million for a total of $190 million. The imputed financing sources are the estimated post-employment benefits accrued in FY 2014, which will be paid by entities other than the FTC.

The financing sources of $190 million exceed the net cost of operations totaling $175 million (gross costs of $295 million less revenues from fees of $120 million), resulting in the $15 million increase in net position.

RESULTS OF OPERATIONS

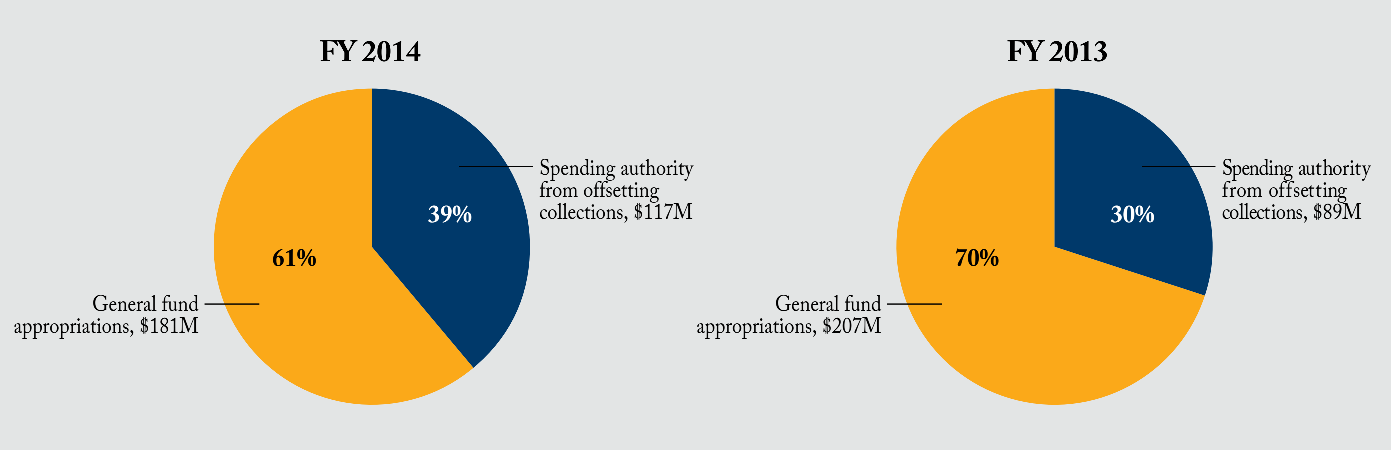
The FTC's net cost of operations was $175 million, a decrease of $17 million or 9 percent from FY 2013. This decrease can be attributed to a small increase in gross costs ($8 million) offset by a large increase in earned revenues ($25 million).

The small increase in gross costs was primarily due to an increase in personnel and related benefit costs. The increase in earned revenue is due to an increase of $25 million in fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvement Act of 1976. These fees partially offset the FTC's mission costs related to maintaining and promoting competition.

BUDGETARY RESOURCES

New budgetary authority (total budgetary resources excluding unobligated balances brought forward and prior year recoveries) was $298 million in FY 2014. The $298 million is comprised of $181 million in general fund appropriations and $117 million in spending authority from offsetting collections. Overall, this represents an increase of $2 million, or less than 1 percent, from FY 2013. In FY 2014, the general fund appropriations comprised 61 percent of new budget authority and offsetting collections comprised 39 percent. By comparison, in FY 2013, general fund appropriations comprised 70 percent and offsetting collections comprised 30 percent.

NEW BUDGET AUTHORITY



LIMITATIONS OF FINANCIAL STATEMENTS

FTC management has prepared its FY 2014 financial statements from the books and records of the agency in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-136, financial reporting requirements, as amended. The financial statements represent the financial position and results of operations of the agency pursuant to the requirements of Chapter 31 of the U.S. Code Section 3515(b). While these statements have been prepared from the agency's books in accordance with the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity. One implication is that unfunded liabilities cannot be liquidated without legislation that provides resources to do so.

FINANCIAL MANAGEMENT INDICATORS

The following table shows standard indicators developed by the Chief Financial Officers Council and used by the OMB to monitor agencies' financial management practices.

FINANCIAL MANAGEMENT INDICATORS FOR FY 2014

DEBT MANAGEMENT	
Eligible Debt Transferred to Treasury	100%
FUNDS MANAGEMENT	
Fund Balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger)	100% reconciled
PAYMENT MANAGEMENT	
Percentage Invoices Paid on Time (per Prompt Payment Act)	98.3%
Percentage Interest Penalties Paid to Total Dollars Invoiced	.002%
Percentage of total dollars outstanding in current status (good standing) for Individually Billed Travel Account holders	92%
Percentage of total dollars outstanding in current status (good standing) for Centrally Billed Travel Accounts	100%
Percentage of total dollars outstanding in current status (good standing) for Purchase Cards	100%

MANAGEMENT PRIORITIES AND CHALLENGES

In FY 2014, the Office of the Inspector General identified four top management and performance challenges the agency faces. Below is a summary of how the agency addressed these challenges in FY 2014.

1. Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise

The Federal Trade Commission (FTC) Office of Inspector General (OIG) conducts annual Federal Information Security Management Act (FISMA) reviews, which evaluate the effectiveness of FTC information security and privacy programs. While the OIG has found the FTC to be in substantial compliance with FISMA and other applicable privacy and security requirements, the ability to protect information assets is a complex challenge for the FTC.

In an environment where technology is changing at an increasing rate, the FTC faces emerging vulnerabilities as it integrates new technologies (e.g., cloud and mobile computing) into its Information Technology (IT) infrastructure, encounters changing and pervasive threats, and is targeted by individuals incentivized to disrupt or compromise its operations. In addition, guidance for federal agencies has become more flexible, which allows agencies to tailor information protection solutions specific to their needs, but provides less direction as to what solutions are effective.

The information security and privacy environment is fluid and ever-changing, posing a constant challenge for the FTC. In addition, the FTC has encountered obstacles in its efforts to improve the information security and privacy programs, including senior management turnover (the Executive Director and Chief Information Officer recently retired), and the recent consolidation of FTC's two Washington, D.C. satellite offices into one location at Constitution Center. The FTC's reactive security measures were strong during these disruptions, but heavily relied on the workforce to maintain information security and privacy programs. Developing more mature information processes will ensure that the FTC security and privacy programs continue to provide high levels of protection for FTC information assets with less workforce stress, greater operational consistency, and improved security.

Agency Progress in Addressing the Challenge

The FTC's Office of the Chief Information Officer (OCIO) and the Chief Privacy Officer (CPO) continue to work with FTC system owners and managers to ensure that information security and privacy requirements are identified, documented, communicated appropriately, and incorporated into the design and implementation of each system. System owners and managers are reminded that periodic tests and evaluation of information security and privacy controls are necessary to ensure effective implementation and operation of those controls. They are also reminded that maintaining and, as necessary, updating the corresponding information security and privacy documentation (such as system security plans and Privacy Impact Assessments) is a pre-requisite to issuance and retention of the system's authorization to operate. OCIO staff, along with the Office of General Counsel staff and the CPO, continue to meet with system owners to make sure that contract language addresses information security and privacy controls and related FTC practices and procedures, including continuous monitoring, so that Contracting Officer Representatives (CORs) can manage and assist in evaluating the compliance of contractor-hosted systems and services. As the OCIO and the CPO continue to work closely to implement and coordinate privacy controls with information security controls, as required by NIST Special Publication 800-53 rev. 4, the FTC will continue to develop and improve its risk-based assessments of information security and privacy as new technologies are integrated into the FTC infrastructure.

Related to the implementation and coordination of controls, in FY 2014 the FTC launched a process improvement initiative to track and monitor the agency's open audit findings and recommendations through a data-driven monthly review process. Management officials report on the status and progress of their items to senior management, and FMO ensures that relevant documentation is gathered and maintained in a limited-access reporting tool. This regular review process strengthens the agency's internal controls and enhances transparency of operations.

Also in FY 2014, the FTC consolidated its satellite offices into the newly renovated Constitution Center and the FTC Headquarters building. The OCIO relocated select IT services and applications previously hosted in the New Jersey and Headquarters buildings, to Constitution Center, consolidating applications and services in proximity of the user and to provide for future expansion. The move also allowed the OCIO to upgrade and replace aging infrastructure components with newer, more secure products with better performance including replacing the agency's firewall infrastructure and upgrading equipment in the OCIO's Acceptance Testing and Development environments. In FY 2015 and FY 2016, the OCIO will continue to replace and upgrade aging infrastructure equipment and operating systems to decrease risk of system failure and security vulnerabilities.

The control of IT assets during the move to Constitution Center was critical and included the movement of desktop equipment (e.g., laptops, workstations, telephones, TVs, and computer monitors) for over 700 FTC staff, as well as all network (data center) and audio/video equipment (e.g., servers, switches, routers, storage, cameras, VTCs). The IT Asset Management Team performed a full physical inventory of all assets moved and coordinated with system administrators to decommission and dispose of assets that were deemed "end of life." In FY 2015 and FY 2016, the IT Asset Management Team will continue to refine policies and procedures, formalize reporting and statistical sampling requirements, and incorporate a variety of electronic tools to assist with mandatory inventory requirements.

In FY 2015 and FY 2016, the FTC will begin to move select core IT services to the cloud to improve service offerings and resolve outstanding security vulnerabilities. The FTC recognizes the need to improve the availability of core IT services in a secure and cost effective manner. As part of the evaluation of potential cloud service offerings, the FTC has utilized the standards set forth by the Federal Risk Authorization and Management Program (FedRAMP) to ensure the most stringent security measures are in place to protect agency data. The use of cloud services will also decrease risk of data loss and service interruption if the FTC's main data center is unavailable.

2. Leveraging the Value of Investments and Work Performed

The FTC must make effective use of limited resources by directing its law enforcement and education efforts to better protect consumers and promote competition. A complex marketplace, ever-evolving fraud schemes, limited budgets, and increasing workloads require continuous reassessment of management practices in achieving that objective. A complex marketplace, ever-evolving fraud schemes, declining budgets, and increasing workloads require continuous reassessment of management practices in achieving that objective.

The OIG performed an evaluation of the FTC's Bureau of Consumer Protection's (BCP) enforcement and non-enforcement strategies, goals, policies and procedures. This evaluation found that the BCP's strategic planning is a best practice in comparison to other agencies the OIG examined. This evaluation also identified opportunities, including better leveraging the value of investments and work performed, that could further maximize consumer protection and enhance an already strategic and successful program. While the review only looked at the BCP, we believe that leveraging the value of investments and work performed is a challenge across the FTC.

For example, the FTC has a Management Data Dashboard (MDD) that provides financial reports and certain information on staff activity, matters management, etc. While the evolution of the MDD is headed in the right direction, the data collected is from disparate systems that are not integrated to provide agency leaders with a broad perspective on the status of their operations. Integrated data on costs would better equip agency leadership to plan and monitor its work. When data management systems are not integrated and compatible, excessive use of resources and inconsistent analysis of program results can occur. In order to make informed decisions and ensure accountability, the FTC needs data management systems that can generate timely, accurate, and useful information.

Agency Progress in Addressing the Challenge

Given the breadth of the agency's jurisdiction, it is essential for the FTC to target its enforcement and education efforts to achieve the agency's goals and maximize results. As the OIG noted, BCP, for example, conducts strategic planning to identify priority areas and to focus its resources. BCP also takes steps to leverage the value of its investments and the work it performs. With respect to enforcement actions, one of BCP's largest investments is its Consumer Sentinel database of consumer complaints. BCP uses this database to help target and develop its cases. BCP is implementing several OIG recommendations from the OIG's recent evaluation to ensure that it is maximizing the value of its investment. With respect to educational efforts, BCP leverages its resources and the work it performs by partnering with other governmental and non-governmental organizations. These organizations are well-situated to disseminate the FTC's information to people or businesses that need it. For example, in the three months since the FTC launched Pass It On – its paradigm-shifting campaign to educate older Americans about fraud – organizations in all 50 states ordered 500,000 copies of the materials. These organizations include state departments of aging, individual residential centers, banks, libraries, and social services agencies – each of whom have relationships with older consumers and can distribute the materials directly to them.

In regard to the Management Data Dashboard (MDD), the OCIO continues to work with bureaus and offices to develop MDD as the agency's management information analysis and decision support system. Since February 2012, MDD has provided increasingly more matter, staff activity, financial information, reports, and dashboards to BCP, BC, and BE to enable various types of operations analysis and decision making. For example, in FY 2012, MDD integrated matter information from several disparate agency matter and matter event tracking systems and provided bureau managers with a full view of many stages of a case, such as investigation, consent negotiation, court litigation, administrative adjudication, order compliance, and consumer redress. MDD integrates staff hours information with matter information and enables managers to analyze resource allocation by matter, program, topic, issue, etc. MDD also enables managers to receive periodic email notification of matter events such as issuance of subpoenas and Civil Investigative Demands. In FY 2013, MDD integrated official commission document information into the system, enabling bureau managers to search and retrieve commission documents based on a wealth of matter and program information, in addition to document metadata.

In FY 2014, MDD integrated FTC core financial transaction data into the system and enabled bureau managers to analyze their respective organization's status of funds and spending categories. In September 2014, MDD further integrated detailed stenographic service and litigation support cost data into the system. For example, bureau managers are able to analyze different types of costs (expert witness, court reporting, litigation support, travel, etc.) associated with a particular enforcement actions, determine the average cost of matters within a particular program, and many other analysis scenarios that leverage integrated matter, staff activity, and cost data. In FY 2015, MDD will expand to provide financial reporting and analytics to FTC non-bureau offices such as OIA, OPP, and OED. The MDD team will also continue to work with the three Bureaus in FY 2015 to enhance bureau reports and dashboards to make them more intuitive and relevant to specific management decision-making.

3. Recruitment, Retention, and Staff Size

The FTC has a productive workforce replete with high performers. While it achieves impressive accomplishments for its size, it faces challenges in recruitment and retention in mission support areas, and having enough positions (Full Time Equivalents) across the FTC to perform its mission. The FTC has managed this challenge by triaging its projects and by relying on high performing employees and contractor support. This works as a short-term solution, but it is not sustainable long-term, and comes at the cost of mission effectiveness.

The area in which the FTC most experienced this challenge in FY 2014 is the Office of the Executive Director (OED). The OED provides critical mission support services for the FTC, including facilities, security, budget, acquisitions, human resources, information technology, and records management. When OED key positions are vacant, or when it does not have the human resources it needs to operate effectively and efficiently, the whole agency is detrimentally affected. While the FTC consistently is rated one of the best places to work in the government, the FTC has experienced difficulty recruiting and retaining highly qualified individuals in some OED positions.

Agency Progress in Addressing the Challenge

The FTC is committed to maintaining its high performance standards in protecting American consumers and remaining among the best places to work by developing strategies that address our recruitment, retention, and staff size challenges.

The FTC continues to recruit highly talented individuals into our workforce. Last winter, the agency opened a buy out and early-out window as one means to reshape the workforce, reduce skills gaps, and recruit individuals with the right skills to meet our mission. Twenty-one employees accepted our offer and left in early January. While in the short-term the loss of these employees required the agency to triage projects or use contractor support, in the long-term the agency is hiring individuals with the skills necessary for mission accomplishment now and in the future. This phenomenon was particularly acute in the Office of the Executive Director in which half of its leadership team retired in January 2013, including the Executive Director. The new Executive Director who came on board in late summer 2013 has made it a priority to fill all key OED positions. To retain talented staff, the agency established a workforce flexibility team in FY 2014 to create a vision for future workplace initiatives. The FTC will continue to provide family friendly benefits for employees in balancing work and life issues and annually assess employee satisfaction to meet our recruitment and retention challenges. In FY 2014, the agency undertook an analysis of the use of full-time equivalents (FTEs) that assessed high priority program requirements and funding sources available to determine if any plus up of authorized FTE could be supported. Based on this analysis, an additional ten FTE were allocated across the agency to support long-term mission accomplishment. The agency will assess and adjust this decision in FY 2015 and beyond.

4. Ensuring Compliance with Digital Records Management Requirements

In November 2011, President Obama signed a Presidential Memorandum, Managing Government Records, instituting a government-wide effort to reform records management policies and practices. In August 2012, the Office of Management and Budget and the National Archives and Records Administration issued a "Managing Government Records Directive" that requires agencies to eliminate paper and use electronic recordkeeping to the greatest extent possible. This Directive requires the FTC to make several transitions in its records management processes, including managing both permanent and temporary email records in an accessible electronic format by December 31, 2016.

The FTC already has begun efforts to fully comply with the OMB directive and other legal requirements regarding electronic recordkeeping. The transition to digital records management will require the FTC's continued focus in FY 2015.

Agency Progress in Addressing the Challenge

As noted above, the National Archives and Records Administration (NARA) approved a new comprehensive records retention schedule for the FTC in 2012. This new records retention schedule is media neutral and thus gives the FTC the legal authority to maintain its federal records in electronic format. The transition to maintaining agency records in electronic format is well underway. FTC staff currently store and access electronic information in shared network drives, following the FTC's Shared Network Space policy that was established in 2006. This policy establishes a high-level folder structure and enhances the ability to control access privileges to information. In 2013, FTC's Records and Filings Office (RFO) issued guidance to agency staff that federal records – including email records – can be stored on shared drives as part of the matter file. Use of shared drives to store records is consistent with the agency's business process and with NARA Bulletin 2012-02 (December 6, 2011), on "Guidance on Managing Content on Shared Drives."

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

The FTC plans to utilize an Enterprise Content Management System (ECMS) to maintain agency records in electronic format for the required retention period and to transfer permanent agency records to NARA. RFO is working with agency stakeholders to develop information governance for FTC records, including taxonomy, common vocabulary, access controls, and retention triggers. The FTC also plans to incorporate the management of email records. In FY 2015, the agency will develop its strategic plan for transition to an ECMS, as part of FTC's overall IT modernization strategy.

CONTACT INFORMATION

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Washington, D.C. 20580

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Internet Home Page	www.ftc.gov
FTC Spanish Home Page	www.ftc.gov/espanol
Strategic Plan Internet Site	www.ftc.gov/strategicplan
FTC Press Releases	http://www.ftc.gov/news-events/press-releases

REGIONS

East Central (Cleveland, OH)	216-263-3455
Midwest (Chicago, IL)	312-960-5634
Northeast (New York, NY)	212-607-2829
Northwest (Seattle, WA)	206-220-6350
Southeast (Atlanta, GA)	404-656-1390
Southwest (Dallas, TX)	214-979-9350
Western (San Francisco, CA)	415-848-5100
Western (Los Angeles, CA)	310-824-4343

CONSUMER RESPONSE CENTER

General Complaints	877-FTC-HELP (877-382-4357)
Identity Theft Complaints	877-ID-THEFT (877-438-4338)
Online General Complaints	www.ftc.gov/complaint
Identity Theft Education and Complaints	www.ftc.gov/idtheft
National Do Not Call Registry	www.donotcall.gov

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