

FEDERAL TRADE COMMISSION



FISCAL YEAR 2018
CONGRESSIONAL BUDGET JUSTIFICATION

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MAUREEN K. OHLHAUSEN
ACTING CHAIRMAN

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

May 22, 2017

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

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Services and General Government
United States Senate
Washington, DC 20510

Dear Chairmen Graves and Capito:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2018 budget request.

The FTC's FY 2018 budget requests a program level of \$306,317,000 and 1,140 full-time equivalent (FTE) positions. As the justification materials describe, this budget will permit the FTC to continue to meet the ongoing challenges of its mission to protect consumers and promote competition. Please note the FY 2017 budget levels provided in the following exhibits reflect the level at which the FTC was operating under the CR (306,317,000) because the FTC's Omnibus Appropriation level (\$313,000,000) was not known at the time the exhibits were finalized.

This budget justification includes the FTC's Annual Performance Plan and Report. The performance data presented here is a reliable and complete assessment for the year. More information can be found in the *Verification and Validation of Performance Data* section and the *Data Quality Appendix* located at <https://www.ftc.gov/reports/2014-2018-performance-data-quality-appendix-0>.

By direction of the Commission.

A handwritten signature in cursive script that reads "Maureen K. Ohlhausen".

Maureen K. Ohlhausen

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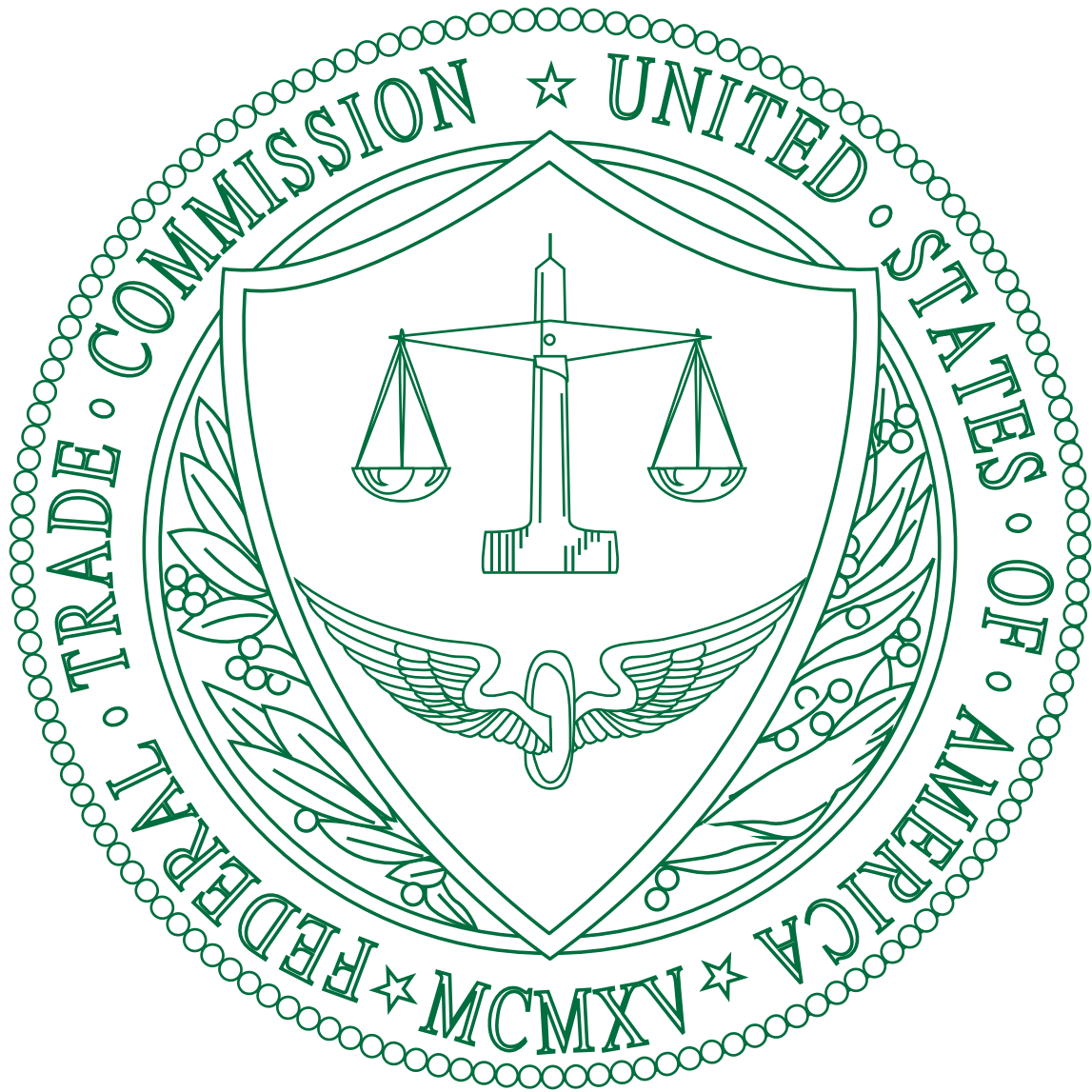
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BUDGET REQUEST



Budget Request Summary
(\$ in thousands)

Budget by Goal:	Fiscal Year 2017		Fiscal Year 2018		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Protecting Consumers	627	\$172,156	612	\$171,099	(15)	-\$1,057
Promoting Competition	535	134,161	528	135,218	(7)	1,057
Total	1,162	\$306,317	1,140	\$306,317	(22)	\$0

Budget by Funding Source:

Offsetting Collections:				
HSR Filing Fees		\$128,000	\$112,700	-\$15,300
Do Not Call Fees		15,000	15,000	0
Subtotal Offsetting Collections		\$143,000	\$127,700	-\$15,300
General Fund		163,317	178,617	15,300
Total		\$306,317	\$306,317	\$0

Needed Resources for FY 2018

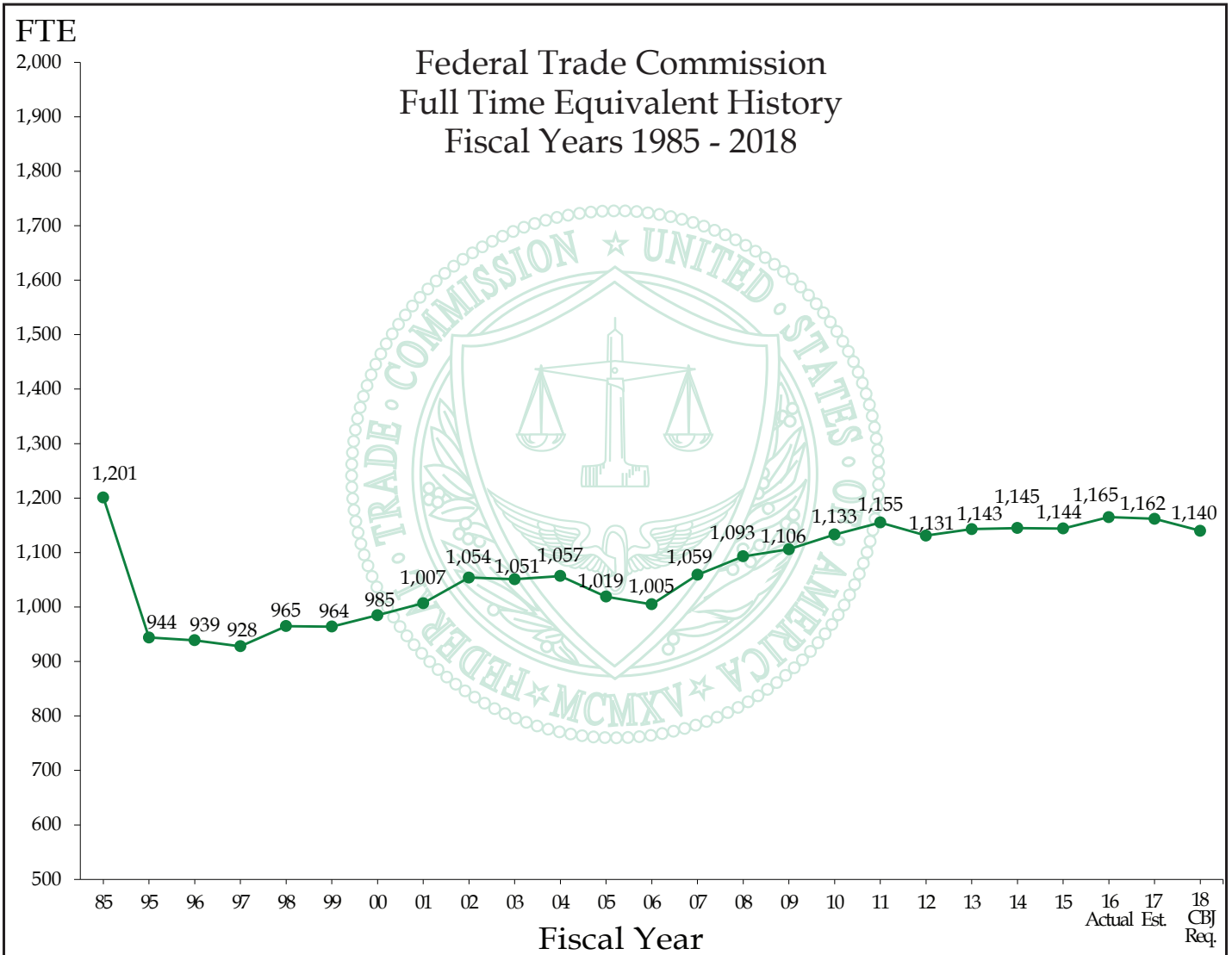
The Federal Trade Commission (FTC or Commission) is a highly effective independent agency with a unique dual mission to protect consumers and promote competition. For more than one hundred years, the FTC has championed the interests of American consumers. The FTC is dedicated to advancing consumer interests while encouraging innovation and competition in our dynamic economy. To maintain its high level of performance in FY 2018, the FTC is requesting \$306,317,000 and 1,140 FTEs. These levels reflect \$4,997,000 in staff reductions needed to absorb mandatory expenses related to the 1.9% pay raise proposed for 2018 and other upward grade classifications. The staffing level reduction will be realized through attrition and an adjusted hiring strategy.

Appropriations Language Provisions

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

The requested appropriations language for FY 2018 continues the revised spending restriction, reflecting legislation enacted in October 2006, which maintains an appropriately narrow role for the FTC under section 151. This role enables the FTC to continue to enforce the provisions requiring non-federally-insured depository institutions to disclose that they do not have federal insurance and that the federal government does not guarantee the depositor will get back his or her money, and retains the implementation ban with respect to “look-alike” provisions.

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



Offsetting Fee Collections

This submission assumes that total offsetting collections from Hart-Scott-Rodino Act (HSR) filing fees and Do Not Call fees will provide the FTC with \$127,700,000 in FY 2018. The FTC assumes the \$178,617,000 difference between offsetting collections and the \$306,317,000 request will be funded through a direct appropriation.

HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC with \$112,700,000. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public Law 106-553). The HSR Act

requires that fees be split 50-50 between the FTC and the Antitrust Division of the Department of Justice (DOJ).

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

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Federal Trade Commission Fiscal Year 2018 Overview Statement

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

Highlights of FY 2016 Accomplishments

In FY 2016, the FTC took action on a wide variety of significant consumer protection and competition matters. The matters highlighted below are a sampling of the FTC's efforts to ensure that businesses and consumers alike reap the full benefits of market competition and product innovation.

PROTECTING CONSUMERS

This fiscal year, the FTC emphasized four areas that reflect key challenges consumers face today: privacy and data security risks; deceptive claims in advertising and marketing; protecting consumers in the financial marketplace; and fraud targeting specific populations. In addition, the FTC continued its longstanding efforts to fight other unfair and deceptive practices. The FTC also enforced its orders against repeat offenders and referred cases to criminal authorities as appropriate.

In FY 2016, the FTC filed 57 new complaints in federal district court and obtained 114 permanent injunctions and orders requiring defendants to pay more than \$1.7 billion in consumer redress or disgorgement of ill-gotten gains. Defendants also were required to pay more than \$139.1 million under seven civil contempt orders. In addition, cases referred to DOJ resulted in 17 court judgments imposing civil penalties of approximately \$6 million. Furthermore, the FTC issued 18 new administrative complaints and entered 19 final administrative orders.

Among the FTC's most significant cases in FY 2016:

- The FTC announced the largest false advertising settlement in its history. Volkswagen Group of America agreed to spend up to \$10 billion to settle charges that VW's "clean diesel" claims deceived consumers. Volkswagen will offer consumers a buyback and lease termination for nearly 500,000 model year 2009-2015

2.0 liter diesel vehicles sold or leased in the U.S. In addition, in a settlement with DOJ, the Environmental Protection Agency, and the state of California, the company will spend \$4.7 billion to mitigate the pollution from these cars and invest in green vehicle technology.

- In another historic settlement, Herbalife International of America, Inc., agreed to fundamentally restructure its United States business operations and pay \$200 million to compensate consumers. These measures are part of an order settling FTC charges that the company deceived consumers into believing they could earn substantial money selling diet, nutritional supplement, and personal care products. The FTC alleged that the multi-level marketing company's compensation structure was unfair because it rewarded distributors for recruiting others to join and purchase products to advance in the marketing program, rather than purchasing products in response to actual retail demand. The settlement will require Herbalife to restructure its business so that participants are rewarded for what they sell, not how many people they recruit.
- A federal court ordered racecar driver Scott A. Tucker and several corporate defendants in a Kansas City-based payday lending scheme to pay \$1.3 billion – the largest litigated judgment ever obtained by the FTC – for deceiving consumers across the country and illegally charging them undisclosed and inflated fees. This case stems from a complaint filed in 2012 by the agency, which alleged that the operators of AMG Services Inc. falsely claimed they would charge borrowers the loan amount plus a one-time finance fee without disclosing the true costs of the loan. Instead, the defendants allegedly made multiple withdrawals from consumers' bank accounts, assessing a new finance fee each time. The amount of the judgment represents the difference between what consumers actually paid on the loans and what they were told they would have to pay.

During FY 2016, the Commission also issued eight reports and released 38 new consumer and business education publications.

Protecting Privacy and Data Security

- **Unfair Data Security Practices:** In an action related to the Internet of Things, the FTC accepted a settlement from Taiwan-based computer hardware maker ASUSTeK Computer, Inc. based on charges that critical security flaws in the company's routers put the home networks of hundreds of thousands of consumers at risk. The FTC's complaint also charged that the routers' insecure "cloud" services led to the compromise of thousands of consumers' connected storage devices, exposing their sensitive personal information on the internet. In another action, Wyndham Hotels and Resorts agreed to settle FTC charges that the company's security practices unfairly exposed the payment card information of hundreds of thousands of consumers to hackers in three separate data breaches. Under the terms of the settlement, the company will establish a comprehensive information security program designed to protect cardholder data (including payment card

numbers, names and expiration dates), conduct annual information security audits, and maintain safeguards in connections to its franchisees' servers. In a separate case, Oracle agreed to settle FTC charges that it deceived consumers about the security provided by updates to its Java Platform, Standard Edition software (Java SE), which is installed on more than 850 million personal computers. Under the terms of the consent order, Oracle is required to give consumers the ability to easily uninstall insecure, older versions of Java SE.

- **Health Information Disclosures:** Practice Fusion, a cloud-based company that provides management services to physicians, settled FTC charges that the company deceived hundreds of thousands of consumers by soliciting reviews about their doctors without disclosing that the reviews would be posted publicly on the internet. Many of the posted reviews included consumers' full names, medications, health conditions, and treatments received. In the settlement, Practice Fusion agreed not to misrepresent the extent to which it uses, maintains, and protects the privacy and confidentiality of information. In addition, if the company wants to make consumers' personal information, including health information, public, it first must clearly and conspicuously disclose to consumers its intention to make the information public, and obtain their express consent.
- **Software Encryption Claims:** Henry Schein Practice Solutions, Inc., a provider of leading office management software for dental practices, agreed to pay \$250,000 to settle FTC charges it falsely advertised the level of encryption it provided to protect patient data.
- **Data Broker Liability:** A group of defendants, doing business as LeapLab, settled FTC charges that they knowingly provided scammers with hundreds of thousands of consumers' sensitive personal information, including Social Security and bank account numbers. The orders prohibit the defendants from selling or transferring sensitive personal information about consumers to third parties, ban the defendants from misleading consumers about the terms of a loan offer or the likelihood of getting a loan, and require the defendants to destroy any consumer data in their possession within 30 days.
- **International Privacy Program:** In the FTC's first case related to the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules (CBPR) system, Very Incognito Technologies, a manufacturer of hand-held vaporizers, agreed to settle FTC charges that it deceived consumers about participation in the APEC CBPR system.
- **Geo-Targeted Advertising:** Singapore-based mobile advertising company InMobi agreed to pay \$950,000 in civil penalties and implement a comprehensive privacy program to settle FTC charges it deceptively tracked the locations of hundreds of millions of consumers, including children, without their knowledge or consent, in order to serve them geo-targeted advertising.

- **Children’s Online Privacy:** Separately, two app developers, LAI Systems, LLC, and Retro Dreamer, agreed to settle FTC charges that they created kid-directed mobile apps that allowed third-party advertisers to collect personal information in the form of persistent identifiers – pieces of data tied to a user or electronic device – to serve targeted advertising. According to the FTC, the app developers failed to tell the ad networks that the apps were directed to children, or follow Children’s Online Privacy Protection Act (COPPA) requirements to notify parents and get their permission before collecting and using children’s personal information.
- **Identity Theft:** The FTC maintains the federal government’s central repository for identity theft complaints. Consumers can file complaints through the agency’s website or by calling a toll-free number (1-877-ID-THEFT). Trained counselors advise identity theft victims about their rights and the remedies available to them under federal law. As a result of significant enhancements to the FTC’s [IdentityTheft.gov](https://www.ftc.gov/identitytheft) website, identity theft victims can now go online and get a free, personalized identity theft recovery plan. The new one-stop website is integrated with the FTC’s consumer complaint system, allowing consumers who are victims of identity theft to rapidly file a complaint with the FTC and then get a personalized guide to recovery that helps streamline many of the steps involved. Victims can create user accounts, get detailed, custom recovery plans based on their unique experiences, and create the documents they need to alert police, the nationwide consumer reporting agencies, and the IRS.
- **Start with Security Initiative:** The FTC continued to expand its efforts to help businesses protect consumers’ information through the Start with Security initiative that provides them with more information on data security. At FTC-hosted conferences in Austin, Texas and Seattle, Washington, technology industry experts provided tips and insights on how startups could secure their applications and make security a central part of their work. At a third conference in Chicago, Illinois, industry experts shared insights with local and regional businesses on how companies could make security a central part of their businesses.
- **Privacy Conference:** The FTC hosted its first PrivacyCon event in January 2016 to continue and expand collaboration among leading “white hat” researchers, academics, industry representatives, consumer advocates, and the government to address the privacy and security implications of emerging technologies. The event featured nine presentations of original research regarding important consumer privacy and security issues by leading academics from universities and think tanks from around the world. These presentations included research on new vulnerabilities and how they might be exploited to harm consumers, as well as recent research in areas such as Big Data, the Internet of Things, and consumer attitudes toward privacy. Ongoing dialogue between the research community and policymakers helps to ensure that privacy and data security policy are grounded in research. The FTC held its second PrivacyCon in January 2017.

- **Report on Big Data:** The FTC released a detailed report that draws on information from the Commission’s workshop, “Big Data: A Tool for Inclusion or Exclusion?” The report focuses on the impact of big data analytics on low-income and underserved populations. The report highlights a number of innovative uses of big data that are providing benefits to consumers, including increased educational attainment, access to credit through non-traditional methods, specialized health care for underserved communities, and better access to employment. The report also examines the risk of potential discriminatory harms that could result from the use of biased or inaccurate data about certain groups. Finally, the report summarizes existing laws that may apply to companies using big data techniques and lists key questions companies should answer to ensure their big data applications maximize benefits and limit harms.

Stopping Deceptive Advertising and Marketing Practices

- **For-Profit Universities:** The FTC filed suit against the operators of DeVry University, alleging that DeVry’s advertisements deceived consumers about the likelihood that students would find jobs in their fields of study and would earn more than those graduating with bachelor’s degrees from other colleges or universities.
- **Education Lead Generation:** In the agency’s first enforcement action against an education lead generator, operators of Gigats.com agreed to settle FTC charges that the company claimed it was “pre-screening” job applicants for hiring employers when it was actually gathering information for other purposes, including lead generation for post-secondary schools and career training programs. The FTC alleged that after consumers provided Gigats with the kinds of personal information typically requested in a job application, they were directed to call the defendants’ “employment specialists.” The “employment specialists” steered the consumers toward enrolling in education programs that paid the defendants for consumer leads.
- **Native Advertising:** National retailer Lord & Taylor agreed to settle the FTC’s charges that it deceived consumers by not making clear that a magazine article on its launch of a clothing line was really a paid promotion. Lord & Taylor also allegedly engaged in deception when it hired 50 online fashion “influencers” to post Instagram pictures of themselves wearing a dress from the clothing line, but failed to disclose it had gifted the dress and paid each influencer thousands of dollars in exchange for their endorsements. Under the settlement, Lord & Taylor is prohibited from misrepresenting that paid ads are from an independent source and required to ensure that its influencers clearly disclose when they have been compensated in exchange for their endorsements. In another action, the FTC charged Warner Bros. Home Entertainment, Inc. with deceiving consumers during its marketing campaign for the video game *Middle Earth: Shadow of Mordor*, by failing to adequately disclose that it paid online “influencers” thousands of dollars

to post positive gameplay videos on YouTube and social media. Over the course of the campaign, the sponsored videos were viewed more than 5.5 million times.

- **Cognitive Memory Claims:** Lumos Labs, the company behind the Lumosity “brain training” program, agreed to pay \$2 million to resolve FTC charges that it deceived consumers when it made unsubstantiated claims that Lumosity games can help users perform better at work and in school and reduce or delay cognitive impairment associated with age and serious health conditions.
- **Pain Relief and Disease Claims:** Athletic apparel company Tommie Copper, Inc. and its founder agreed to pay \$1.4 million to settle FTC charges that they deceptively advertised that the company’s copper-infused compression clothing would relieve severe and chronic pain and inflammation caused by arthritis and other diseases. The settlement also requires the defendants to have competent and reliable scientific evidence before making future claims about pain relief, disease treatment, or health benefits.
- **Weight-Loss Claims:** Sale Slash agreed to turn over approximately \$10 million in assets and to stop using spam, fake news websites with phony celebrity endorsements, and unsupported efficacy claims to promote its supposed weight-loss products. Separately, the FTC charged John Fowler, an affiliate marketing operation, with trying to sell weight-loss products by sending millions of consumers spoofed spam emails with links to fake news sites.
- **Dietary Supplement Claims:** Simple Pure Nutrition and others who marketed green coffee bean extract weight-loss supplements, male enhancement products, and skin care products, will forfeit assets totaling approximately \$9.2 million to settle the FTC’s court action alleging a variety of deceptive practices. The defendants are also banned from advertising or selling weight-loss supplements and negative option sales plans, making unsupported health claims for other products, and debiting consumers’ bank accounts without their consent.
- **Mobile Apps:** A federal judge granted the FTC’s request for summary judgment against Amazon for allegedly billing consumers for unauthorized in-app charges made by children. The judge concluded that Amazon’s disclosures about possible in-app charges within otherwise “free” apps were not sufficient. Among other things, the judge’s order calls for the FTC and Amazon to determine the precise amount of monetary relief Amazon owes to consumers. In another case, the FTC alleged Vulcun unfairly replaced a popular web browser game with a program that installed applications on consumers’ mobile devices without their permission. The settlement requires Vulcun to tell consumers about the types of information a product or service will access and how the information will be used, display any built-in permissions notice associated with installing a product or service, and get users’ express affirmative consent before the installation of, or material change to, a product or service.

- **Affiliate Marketing:** The U.S. Court of Appeals for the Second Circuit upheld a lower court ruling requiring LeadClick Media, LLC, an affiliate marketing group, to pay \$11.9 million for its part in helping to promote LeanSpa, a deceptively marketed weight-loss supplement. In issuing its ruling, the Court found that LeadClick Media, LLC recruited affiliate marketers that used fake news sites to drive internet traffic to the LeanSpa website. The Court of Appeals also rejected LeadClick’s claim of immunity under the Communications Decency Act, finding immunity unavailable because LeadClick participated in the development of the deceptive content.

Protecting Consumers in the Financial Marketplace

- **Deceptive Mortgage and Debt Relief Services:** The head of the sham debt relief operation DebtPro 123 agreed to a judgment of more than \$7.9 million to settle FTC charges that he deceived consumers and charged them thousands of dollars while providing nothing in return. In another case, four mortgage modification scammers, Brian Pacios, Chad Caldaronello, Justin Moreira, and Derek Nelson were banned from selling debt relief products and services under settlements resolving FTC charges that they deceived homeowners facing foreclosure. Separately, under a court order the FTC obtained against the fifth and final defendant in another case, Denny Lake is banned from selling debt relief and mortgage-related products and services and from telemarketing.
- **Student Loan Debt Relief:** The FTC and the State of Florida took action against the Consumer Assistance Project and the Student Aid Center, two operations charged with running phony student loan debt relief schemes. Separately, the operators of Student Loan Help Direct agreed to a settlement with the FTC that permanently bans them from the debt relief business. The order also imposes a \$2.3 million judgment that will be suspended when they have surrendered all their remaining business assets.
- **Deceptive and Abusive Debt Collection Practices:** The FTC and other law enforcement authorities around the country announced 130 law enforcement actions as part of Operation Collection Protection, the first coordinated federal-state enforcement initiative targeting deceptive and other unlawful debt collection practices. Separately, the FTC and the Illinois Attorney General brought an action against Stark Law, a Chicago-area operation that allegedly threatened and intimidated consumers to collect phantom payday loan “debts” they did not owe or that the defendants were not authorized to collect. This is also the first case where the FTC has alleged that the defendants illegally provided portfolios of fake debt to other debt collectors.
- **FinTech Forum Series:** The FTC hosted a forum exploring the growing world of marketplace lending and its implications for consumers. The forum was the first in a series of FTC events looking at consumer protection across different areas of emerging financial technology. As technological advances expand the ways con-

sumers can store, share, spend, and borrow money, the FTC is working to keep consumers protected while encouraging innovation for consumers' benefit. In FY 2017 the FTC has also hosted two additional forums exploring crowd funding and peer-to-peer payments, and artificial intelligence and block chain technology.

Protecting Every Community

- **Scams Targeting Veterans:** LearningRx Franchise Corp. and its CEO agreed to settle charges that they deceptively claimed their brain training programs were clinically proven to permanently improve serious health conditions like autism, dementia, Alzheimer's disease, strokes, and concussions, and that their training substantially improved career earnings, and job performance. The defendants also allegedly specifically targeted members of the military community suffering from traumatic brain injuries suffered as a result of military service. The order settling the FTC's charges prohibits the defendants from claiming that their programs improve the cognitive function of individuals with age-related or other health conditions, unless the claims are not misleading and are substantiated by human clinical testing.
- **Scams Targeting Small Businesses and Nonprofit Organizations:** The FTC successfully halted Liberty Supply Co., an operation that allegedly bilked millions of dollars from nonprofit organizations and small businesses through an office supply scam, tricking them into paying for overpriced office and cleaning supplies they never ordered. In another case, the FTC charged D&S Marketing Solutions LLC with taking at least \$1.3 million from newly-opened small businesses by pretending to be a federal government agency and threatening that the businesses would be shut down or fined unless they purchased occupational safety and other government regulation posters for their premises. Separately, the FTC charged DOT Authority with allegedly tricking small commercial trucking businesses into paying them for federal and state motor carrier registrations by impersonating government transportation agencies, such as the U.S. Department of Transportation.
- **Scams Targeting Seniors:** The FTC charged Terry Somenzi and others with operating a fake prize scheme, by mailing phony prize notifications that tricked people into thinking they had won \$1 million or more and needed to pay a \$25 fee to collect the prize. The defendants targeted mostly elderly consumers with their mass mailing campaign. According to the FTC's complaint, consumers' personal information was used for additional fake prize mailings and also sold to other fraudsters, causing many consumers to be inundated with more deceptive cash prize notifications and other offers. Many consumers paid multiple fees amounting to substantial sums of money in response to repeated mailings promising prizes.
- **Scams Targeting Spanish-Speaking Consumers:** A federal judge ordered Partners in Health Care Association, Inc. and its owner to pay \$8.7 million to stop selling health products and stop telemarketing following 2014 FTC charges that

the company lied when it sold medical discount cards. The FTC said the company targeted Spanish speakers and others seeking health insurance and tricked them into buying worthless medical discount cards. Co-defendants Constanza Gomez Vargas, Walter S. Vargas, and United Solutions Group Inc. agreed to a separate order that bans them from selling healthcare products and imposes a partially suspended judgment of \$2.1 million.

- **Report on Fighting Fraud in African American and Latino Communities:** The FTC released a report to Congress describing the agency's substantial work on fraud prevention, law enforcement, and consumer outreach and education in African American and Latino communities and outlined a strategy to build on this work. Under its plan, the FTC will expand efforts to encourage people to talk about fraud within their communities and to help the FTC by reporting suspected fraud. The FTC will continue to build networks with community organizations, visit areas with low rates of consumer fraud reporting, and further develop its law enforcement efforts to stop frauds affecting these communities.

Fighting Other Fraud

- **Business Opportunity Scams:** A federal court temporarily halted Mason Grace Enterprises, a nationwide work-at-home scam that allegedly took more than \$7 million from tens of thousands of consumers. The FTC alleges that the defendants lured consumers with false claims that they could earn up to \$5,000 or more in weekly income by stuffing and mailing "special advertising letters" from home. Separately, Ken Sonneberg and three companies he controls, Apply Knowledge LLC, eVertex Solutions LLC, and Supplier Source LLC, agreed to pay \$500,000 to settle FTC charges that they assisted and facilitated a deceptive work-at-home scheme that conned consumers out of millions of dollars.
- **Investment Schemes:** The FTC charged DiscountMetalBrokers, Inc., a nationally advertised gold and silver marketing operation, with bilking consumers for millions of dollars. According to the FTC's complaint, the defendants marketed gold and silver as investments, but often failed to deliver the goods. Many consumers used their retirement savings to buy the precious metals, with individual orders ranging from \$1,000 to \$300,000.
- **Diploma Mills:** The FTC filed charges against Stepping Stonez Development and Capitol Network Distance Learning Programs, two fake high school diploma operations. According to the FTC, the companies promised fast diplomas, equivalent to the well-known GED®, as long as people took a test and paid from \$125-\$249. According to the FTC, the companies claimed a wide range of organizations accepted the diplomas they provided, but when people tried using the diploma to enroll in college, apply for jobs, get a promotion, or enlist in the military, they discovered the diplomas were worthless. Separately, the FTC charged online distance education school Stratford Career Institute with misleading consumers by claiming that its diploma could be used as a valid high school equivalency credential.

- **Electronics Buyback Scheme:** The FTC and the State of Georgia charged Laptop & Desktop Repair, LLC, an electronics buyback company that specializes in buying consumers' used smartphones, tablets and other devices with deceiving consumers by making high-dollar offers to buy back their electronics, only to give consumers far less than promised after they sent their devices to the company.
- **Unauthorized Billing:** A federal court imposed a \$43.1 million judgment against Ideal Financial Solutions and its subsidiaries and a \$36.6 million judgment against Jared Mosher for allegedly operating a massive scam that took money from consumers' bank accounts without their authorization. The FTC alleged that the defendants bought consumer payday loan applications, including Social Security numbers and bank account numbers, from data brokers and payday loan websites, and used the information to take money from consumers' bank accounts without their authorization.
- **Online Billing Scheme:** IWorks, with its owner and others, settled FTC charges from a 2010 case in which it allegedly ran a "free trial" scheme that took more than \$280 million from consumers. The company and its owner, Jeremy Johnson, will hand over approximately \$20 million in cash, stock, jewelry, aircraft, real estate and other assets to settle the charges. The FTC alleged IWorks' websites promoted "trial" memberships for phony money-making products, but charged unsuspecting consumers \$129.95, and recurring monthly fees. In a related DOJ criminal case, Johnson was sentenced to over 11 years in prison for his involvement in the scheme.
- **Tech Support Scams:** The FTC took action against Click4Support, LLC, a tech support scam that allegedly bilked consumers out of more than \$17 million by pretending to represent Microsoft, Apple, and other major tech companies. In another case, the FTC and the State of Florida took action against Help Desk National for running an international tech support operation that allegedly misrepresented to consumers that malware or hackers had compromised their computers and that the defendants were associated with, or certified by, Microsoft and Apple to fix their computers.

Order Enforcement and Criminal Referrals

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

- **Contempt Cases:** A federal court found BlueHippo Funding LLC, BlueHippo Capital LLC, and Joseph Rensin in contempt for operating a deceptive computer financing scheme in violation of a federal court order. The court also entered judgment against Rensin, BlueHippo's CEO, for \$13.4 million, the harm consumers suffered as a result of the scheme.

A 2014 FTC order against Robert Ray Law and Your Yellow Book Inc. (YYB) banned them from the directory business and prohibited them from misrepresenting that consumers owe money for a good or service. According to FTC, Law created CPU Service Incorporated to run a virtually identical scam, faxing fake invoices to nearly 150,000 small businesses across the country seeking payment for online computer support and consulting. To remedy this violation of the 2014 order, the FTC obtained an order in 2016 that modified the 2014 order, awarded a judgment of almost \$400,000, and required payment of Law's remaining liquid assets to the FTC.

- **Criminal Referrals:** The FTC continues to refer egregious violators to criminal law enforcement agencies for prosecution. In FY 2016, 56 new defendants were charged in FTC-related matters, including two overseas defendants charged as a result of interagency cooperation in the Toronto Strategic Partnership. Prosecutors obtained 43 new pleas or convictions, and 18 defendants received sentences totaling 90 years. Eight defendants were sentenced to five years or more, and one defendant received a 20-year sentence.

Economic Research and Outreach

In addition to conducting analysis on the economic effects of consumer protection enforcement actions, the FTC conducts research and outreach in the economics of consumer protection more generally. As part of its work to ensure that its analyses are consistent with best practices and current research, the FTC hosted its first conference on Economics and Marketing in Consumer Protection in September of 2016. The conference highlighted emerging work in the marketing research community relevant to consumer protection and helped educate marketing researchers about the research needs of FTC in the consumer protection area. In November 2016, the Commission hosted its Ninth Annual Microeconomics Conference, convening researchers, regulators, and others to discuss antitrust and consumer protection policy issues that FTC economists encounter in their work. This conference included discussion of emerging issues in advertising.

International Consumer Protection

Strong cross-border cooperation is key to effective law enforcement. In FY 2016, the FTC's Office of International Affairs (OIA) assisted with numerous consumer protection investigations, litigation, and enforcement-related projects. OIA also continued to develop strong bilateral relationships with foreign consumer, privacy, and law enforcement authorities around the globe and represented the agency in international organizations on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

- The FTC, together with consumer protection agencies in 33 other countries that are part of the International Consumer Protection and Enforcement Network (ICPEN) (a network of consumer protection authorities addressing cross border consumer issues), unveiled an updated version of ICPEN's econsumer.gov website. Econsumer.gov, originally launched in 2001, helps law enforcement authori-

ties gather and share cross border consumer complaints that can be used to investigate and take action against international scams.

- The FTC and enforcement agencies from seven other countries that are members of the Global Privacy Enforcement Network (GPEN) launched GPEN Alert, a new information-sharing system that enables participants to share information confidentially about investigations so that members can coordinate their investigations. The FTC also worked with 20 international counterparts to develop best practices for consumer protection enforcement, and engaging in information sharing and investigative assistance provided for under the U.S. SAFE WEB Act.
- The FTC also entered into two memoranda of understanding to facilitate information sharing and enforcement cooperation in the worldwide fight against unsolicited messages and calls. One is a bilateral agreement with the Canadian Radio-television and Telecommunications Commission and the other is a multi-lateral agreement with 11 foreign agencies that are governmental members of the Unsolicited Communications Enforcement Network (UCE-Net), a public-private network formerly known as the London Action Plan. The FTC also continued to cooperate with its longstanding Canadian law enforcement partners on cross-border telemarketing and other scams. One highlight was the FTC's successful effort, working with the Royal Canadian Mounted Police and DOJ, to repatriate nearly \$2 million to the victims of the phony mortgage assistance and debt relief programs operated by the defendants in the FTC's case against Expense Management of America.
- The FTC negotiated successfully on the 2016 OECD Guidelines on Consumer Protection in Electronic Commerce, which address new developments in e-commerce, including mobile applications, digital content, and peer platform marketplaces, and played a key role in updating the United Nations Guidelines on Consumer Protection to include provisions on e-commerce, consumer financial services, dispute resolution and redress, and international cooperation.

The FTC also continued to advocate for global interoperability and strong enforcement of data privacy laws through collaboration with the Department of Commerce, in negotiating the EU-U.S. Privacy Shield. During FY 2016, the FTC conducted 19 technical assistance missions for developing consumer protection and privacy agencies around the world, supported by a mix of funding sources including the FTC, the U.S. Agency for International Development (USAID), the Department of Commerce's International Trade Administration, DOJ's Office of Overseas Prosecutorial Development Assistance and Training, and the recipient agencies.

Law Enforcement Tools

- **Consumer Response Center (CRC):** During FY 2016, the CRC handled more than 40,000 inquiries and complaints from consumers and businesses each week, for a total of 2.1 million complaints and inquiries.

- **Consumer Sentinel Network (CSN):** During FY 2016, 8.4 million fraud, identity theft, financial, and Do Not Call complaints were added to the FTC’s CSN database. More than 2,400 law enforcement partner agencies worldwide have access to CSN.
- **National Do Not Call Registry:** The Registry has continued to protect consumers from receiving unwanted commercial telemarketing calls. In FY 2016, the number of telephone numbers on the Registry exceeded 226 million.

Advocacy Tools

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

PROMOTING COMPETITION

The FTC actively enforces the antitrust laws in a range of sectors of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. In FY 2016, the agency brought 29 new competition law enforcement actions (22 merger enforcement actions and seven non-merger challenges), hosted several important workshops, published reports, and pursued advocacy opportunities to promote competition and educate stakeholders about its benefits. The FTC also continued to actively monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the HSR Act, receiving notice of nearly 2,000 acquisitions, and bringing two civil penalty actions totaling more than \$1.1 million against firms who failed to meet their HSR filing obligations.

Health Care and Pharmaceuticals

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

- **Health Care Provider Mergers:** The FTC continued to vigorously challenge anticompetitive acquisitions involving health care facilities, and when necessary, goes to court to stop mergers that are likely to result in higher costs or reduced quality of care. This year, the FTC brought two federal court injunction actions in hospital merger cases. In *FTC v. Pinnacle Health System*, the Commission charged that Pinnacle Health System’s proposed acquisition of rival hospital Penn State Hershey Medical Center would reduce competition in the market for general

acute care inpatient hospital services in the Harrisburg, PA area. In May 2016, the United States District Court for the Middle District of Pennsylvania denied the Commission's motion for a preliminary injunction, after which the Third Circuit Court of Appeals granted a stay pending an expedited appeal. In September 2016, the appellate court overturned the district court decision and entered the preliminary injunction pending a full administrative hearing on the merits. Shortly after the appellate ruling, the parties abandoned their proposed deal and the Commission dismissed its administrative complaint.

The Commission also successfully challenged Advocate Healthcare Network's proposed acquisition of NorthShore University Health System, two rival general acute care inpatient hospital service providers in the North Shore area of Chicago. The Commission alleged that the proposed merger would likely have led to higher prices and reduced incentives to improve quality of care for these hospital services. After a two-week preliminary injunction proceeding, the United States District Court for the North District of Illinois denied the Commission's request for preliminary injunction, but granted a stay pending appeal. In October 2016, the Seventh Circuit reversed the district court decision and remanded the case back to the district court for additional proceedings. In March 2017, the district court granted the Commission's request for preliminary injunction. After issuance of the injunction, the parties abandoned the proposed acquisition and the Commission dismissed its administrative complaint.

The Commission challenged a third hospital merger to prevent Cabell Huntington Hospital from acquiring its rival St. Mary's Medical Center, two providers of inpatient acute care services in the Huntington, West Virginia area. The Commission dismissed its complaint in July 2016 after the West Virginia legislature enacted a law, which permitted the West Virginia Health Care Authority to approve cooperative agreements that shielded the acquisition from federal antitrust scrutiny.

In another matter, the FTC issued a consent order requiring U.S. Renal Care, the third largest provider of outpatient dialysis services, to divest its ownership interest in three dialysis clinics in Laredo, TX to resolve charges that its \$640 million acquisition of competitor DSI Renal, would be anticompetitive. According to the Commission's complaint, the deal would have significantly increased market concentration for outpatient dialysis services in the Laredo area, reducing the number of providers from three to two, and reducing incentives to improve service or quality.

The Commission also took action to restore competition for physician services in Berks County, PA. In October 2015, Keystone Orthopaedic Specialists, LLC, agreed to settle charges that it violated Section 7 of the Clayton Act by combining six independent orthopedic practices in 2011. According to the Commission's complaint, the merger combined 19 of the 25 practicing orthopedists, giving the group a 76% market share for orthopedic physician services in the county.

Under the terms of the settlement, Keystone and now separate entity Orthopaedic Associates must seek Commission approval prior to acquiring any interest in one another or another orthopedic practice in the county.

- **Pharmaceutical Pay-for-Delay Settlements:** The FTC continued to engage in vigorous antitrust enforcement to combat anticompetitive “pay-for-delay” tactics, in which a brand name drug company pays a generic drug company to delay its entry into the market. The Commission continued to prosecute its federal district court challenge to an agreement between Solvay Pharmaceuticals and two generic drug manufacturers in which Solvay paid for the delayed release of generic equivalents to its testosterone replacement drug, Androgel. This lawsuit was filed in 2009 and was remanded in 2012 by the Supreme Court to the district court for further proceedings.

In March 2016, the Commission authorized staff to file a motion for permanent injunction blocking brand-name pharmaceutical manufacturer Endo Pharmaceuticals Inc. from entering into agreements with generic drug companies seeking FDA approval for authorized generic alternatives to Endo’s products. Specifically, the FTC’s complaint alleged that Endo established separate agreements with Impax Laboratories and with Watson Laboratories to prevent the firms from bringing generic alternatives to brand-name pain medications Opana ER and Lidoderm, respectively, to market in exchange for a commitment not to market an authorized generic – often called a no-AG commitment. At the same time, the FTC filed a stipulated order settling the charges against Endo’s partners Teikoku Seiyaku Co., Ltd. and Teikoku Pharma USA, Inc., related to the Lidoderm patch and prohibiting them from entering into reverse payment settlements. After a court ruling on the original complaint, the FTC voluntarily dismissed this action, refiling charges related to the Lidoderm agreements in federal court in California charges related to the Opana ER agreement in an administrative proceeding. At the same time, the FTC filed a proposed stipulated order against Endo settling all charges and prohibiting Endo from entering similar agreements for 10 years. Both the proposed settlement order resolving charges against Endo and the order resolving charges against Endo’s two partners are currently awaiting final court approval.

The Commission also filed four appellate amicus briefs in pay-for-delay matters before the First and Third Circuit Courts of Appeals in FY 2016. The Commission filed initial and supplemental briefs *In re Effexor XR* litigation before the Third Circuit Court of Appeals, advancing arguments that neither advance notice to the FTC, nor the Noerr-Pennington doctrine necessarily exempt or shield reverse patent settlements from federal antitrust scrutiny. Also before the Third Circuit, the Commission filed a brief *In re Wellbutrin* seeking reversal of a district court decision which erroneously concluded that a reverse-payment settlement was not subject to the rule-of-reason analysis prescribed by the Supreme Court in *FTC v. Actavis, Inc.* 570 U.S. 756 (2013), but rather required demonstration of specific in-

jury in order to establish an antitrust violation. In February 2016, the Commission also filed an amicus brief *In re Nexium* (Esomeprazole) before the First Circuit Court of Appeals seeking reversal of a district court decision that erroneously conflated the analyses of the existence of an antitrust violation, which requires a general showing of harm to the competitive process, with the question of antitrust standing, which requires a specific showing by a private party that it suffered an injury-in-fact caused by the violation.

- **Pharmaceutical Monopolization:** The Commission continues to prosecute its federal court complaint alleging that AbbVie Inc. and its partner Besins Healthcare filed baseless “sham” patent infringement lawsuits against potential competitors to maintain its monopoly and delay entry of lower-priced generic versions of the testosterone replacement drug AndroGel. The Commission is seeking a court order permanently barring the parties from engaging in similar anticompetitive behavior and requiring disgorgement of ill-gotten gains. This lawsuit was filed in September 2014 and remains ongoing.
- **Pharmaceutical Mergers:** During FY 2016, the FTC reviewed numerous proposed and consummated acquisitions in pharmaceuticals and related industries and took action to preserve competition that otherwise would have been lost due to these transactions. For example, in July 2016, the FTC issued its largest pharmaceutical divestiture order to date, requiring Teva and Allergan to sell the rights and assets related to 79 pharmaceutical products to settle charges that their proposed \$40.5 billion merger would likely harm competition in the markets for certain anesthetics, antibiotics, weight loss drugs, and oral contraceptives as well as treatments for a wide variety of conditions, including ADHD, allergies, arthritis, cancers, diabetes, high blood pressure, high cholesterol, mental illnesses, opioid dependence, pain, Parkinson’s disease, and respiratory, skin, and sleep disorders. In the same month, the Commission challenged drug maker Mylan’s proposed acquisition of Meda, requiring the firm to divest the rights and assets related to two generic pharmaceutical products used in the treatment of muscle spasms and refractory epilepsy to settle FTC charges that the deal would have harmed competition in the U.S. markets for the drugs.

In another matter, Lupin Ltd. agreed to sell its rights and assets related to two pharmaceutical products in order to settle FTC charges that its proposed \$850 million acquisition of Gavis Pharmaceuticals, LLC was anticompetitive. The Commission’s consent order preserves competition in two drug markets: generic mesalamine extended release capsules, used in treating ulcerative colitis, and generic doxycycline monohydrate capsules in two dosage strengths, used to treat bacterial infections.

In a pair of administrative settlements involving Hikma Pharmaceuticals, the Commission issued two divestiture orders to maintain competition in several important pharmaceutical markets. In the first matter, the Commission required

Hikma to divest its rights and interests in five generic injectable pharmaceuticals used in the treatment of chicken pox, herpes, hypertension, angina, gastroesophageal reflux disease, schizophrenia, epilepsy, and other ailments as a condition to proceeding with its proposed acquisition of certain drug rights and assets from Ben Venue Laboratories. In the second matter, the Commission required Hikma to divest its rights and assets related to prednisone tablets, used as an anti-inflammatory and immunosuppressant, and lithium carbonate capsules, used in the treatment of bipolar disorder, as well as its U.S. marketing rights to flecanide tablets, use to treat abnormally fast heart rhythms, as a condition of its proposed \$2 billion acquisition of Roxane Laboratories.

In November 2015, the FTC issued a consent order to settle charges that Mylan's proposed acquisition of Perrigo Company would likely have harmed competition in the markets for seven generic drugs used in the treatment of diabetes, acne, hypothyroidism, constipation, herpes, severe pain, and motion sickness. After the consent was made public for comment, Mylan failed to obtain the required threshold of Perrigo shares to succeed in its hostile takeover, and abandoned the proposed acquisition. The Commission subsequently modified its order accordingly.

Manufacturing and Technology

Promoting competition in manufacturing and technology sectors remained high priorities for the FTC in FY 2016.

- **Manufacturing:** In June 2016, aluminum can maker Ball Corporation agreed to divest eight U.S. aluminum can plants and related assets in order to proceed with its proposed \$8.4 billion acquisition of rival Rexam PLC. According to the Commission's complaint, the deal would have joined the first and second largest producers of aluminum cans in the world and would have significantly reduced competition in the market for standard 12-ounce aluminum cans in three regional U.S. markets, as well as the market for specialty aluminum cans throughout the United States. Under the terms of the settlement, Ardagh Group acquired Ball plants in California, Illinois, Ohio, North Carolina, South Carolina, and Mississippi, as well as Rexam's aluminum can end plant in Indiana and two of the firm's other facilities.

In another matter, Invibio agreed to settle Commission charges that it engaged in exclusive dealing when it used long-term supply contracts to exclude rivals and maintain its monopoly in the market for implant-grade polyetheretherketone, known as PEEK. Implant-grade PEEK is sold as an input to make medical devices. According to the Commission's complaint, Invibio's anticompetitive tactics impeded two alternative PEEK producers from effectively competing for customers, allowing the firm to maintain an approximately 90% share of the market. Under the terms of the settlement, Invibio is generally prohibited from entering into exclusive contracts or otherwise preventing its customers from using alter-

native sources of PEEK and must modify any existing contracts with any such provisions.

In its first challenge of an invitation to collude by a firm that is both a direct competitor of and distributor for the invitee, the Commission issued a consent order to settle charges that ductile iron pipe distributor Fortiline, LLC twice approached a competitor and distribution customer with an invitation to collude on ductile iron pipe pricing in North Carolina and Virginia. The FTC's order prohibits Fortiline from entering into, attempting to enter into, or inviting any agreement with any competitor to raise or fix prices, divide markets, or allocate customers.

- **Technology:** In August 2016, ON Semiconductor Corporation agreed to sell its Ignition IGBT business in order to settle FTC charges that its proposed \$2.4 billion acquisition of Fairchild Semiconductor International would have significantly reduced competition in the worldwide market for insulated-gate bipolar transistors, semiconductors specifically designed for use in automotive ignition systems. According to the complaint, the proposed merger would have given the merged company a combined market share exceeding 60% absent Commission action, and likely would have resulted in higher prices and reduced innovation.

In another matter, the Commission required NXP Semiconductors to sell its RF power amplifier assets in order to settle charges that its proposed \$11.8 billion acquisition of Freescale Semiconductor Ltd. would have substantially lessened competition in the worldwide market for the devices, used to amplify radio signals in cellular base stations. The FTC order required NXP to sell to Chinese firm Jianguang Asset Management all of its RF power amplifier assets, including two facilities, patents, technologies, and to transfer the business's employees.

Retail and Consumer Goods

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

- **Office Supplies:** In December 2015, the Commission again challenged the proposed merger of rival office supply giants Staples, Inc. and Office Depot. The Commission successfully challenged a prior proposed acquisition between the two firms in the 1990s on grounds that the deal would likely harm competition in many local markets for consumable office supplies sold in office supply superstores. This time, given fundamental changes in the office supply market over the past 20 years, the Commission's complaint focused on potential harm to competition in the market for the sale of consumable office supplies to large business customers, which have unique needs best met by vendors with nationwide distribution. In May 2016, the United States District Court for the District of Columbia granted the Commission's request for preliminary injunction; soon after, the parties abandoned their proposed deal.

- **Contact Lenses:** In August 2016, the Commission issued an administrative complaint charging that 1-800 Contacts, the largest online retailer of contact lenses in the United States, entered into unlawful agreements with rival sellers to suppress competition in certain online search advertising auctions and to restrict truthful and non-misleading internet advertising to consumers. The complaint alleges that these agreements unreasonably restrain price competition, constituting an unfair method of competition in violation of Section 5 of the FTC Act. This matter is pending in administrative litigation.
- **Supermarkets:** In July 2016, the FTC required Ahold and Delhaize Group, operators of over 2,000 regional and national supermarkets, to sell 81 supermarkets in 46 local markets in seven states (Delaware, Maryland, Massachusetts, New York, Pennsylvania, Virginia, and West Virginia) to a Commission-approved buyer to preserve supermarket competition that otherwise would have been lost if the transaction had proceeded as proposed.

Chemicals and Industrial Goods and Services

The FTC continues to devote significant resources to maintain competition in markets for chemicals and industrial goods.

- In June 2016, the Commission issued an administrative complaint and authorized staff to seek a preliminary injunction in federal court to block Superior Plus Corp.'s proposed acquisition of rival Canexus Corp. According to the Commission's complaint, the deal would have significantly reduced competition in the North American market for sodium chlorate, a chemical used to bleach wood pulp before it is processed into paper, tissue, diaper liners, and other products. After issuance of the administrative complaint and before staff filed their federal court action, Superior abandoned its proposed deal, and the Commission subsequently dismissed its complaint.
- In another matter, the FTC issued a consent order under which American Air Liquide Holdings and Airgas, Inc. agreed to divest to a Commission-approved buyer, certain production and distribution assets related to seven types of industrial gas, including bulk oxygen, nitrogen, argon, nitrous oxide, and liquid carbon dioxide, dry ice, and packaged welding gases sold at retail. The proposed settlement maintains competition that otherwise would have been eliminated by the proposed \$13.4 billion merger.
- In June 2016, the Commission issued a consent order to settle charges that the proposed merger of two of the world's largest cement producers, HeidelbergCement AG and Italcementi, would have reduced from three to two the number of significant suppliers in the market for the sale of portland cement – an ingredient used in making concrete. The Commission's order seeks to preserve competition in five U.S. metropolitan areas: Baltimore-Washington, DC; Richmond, VA; Virginia Beach-Norfolk-Newport News, VA; Syracuse, NY; and Indianapolis, IN.

Under the terms of the Commission's order, the firms agreed to divest a West Virginia cement plant and up to 11 cement distribution terminals in six states to a Commission-approved buyer.

Energy

The FTC devotes significant resources to investigating competition issues and concerns in energy markets, which are also critically important to American consumers.

- In December 2015, the Commission issued a consent order requiring ArcLight Energy Partners to divest its ownership interest in four light petroleum product (LPPs) terminals in Pennsylvania to settle charges that its proposed acquisition of Gulf Oil Limited would have increased market concentration and harmed competition in the Altoona, Scranton, and Harrisburg, Pennsylvania terminal markets. Terminals receive bulk quantities of LPPs from a pipeline or marine vessel, hold the products in storage tanks, and dispense them in smaller quantities onto tanker trucks for local delivery to retail locations and commercial customers. In another matter, the Commission challenged The Williams Companies' proposed acquisition of rival energy company Energy Transfer Equity, alleging that the deal would harm current and future competition among interstate natural gas pipeline operators on the Florida peninsula. The settlement requires the merged entity to divest its 50% ownership in the Gulfstream Natural Gas System, one of two existing pipelines providing natural gas to the peninsula, to a Commission-approved buyer.
- In December 2015, as required by the Energy Policy Act of 2005, the Commission issued its 11th annual "Federal Trade Commission Report on Ethanol Market Concentration," addressing the state of ethanol production in the United States.

Competition Advocacy, Reports, Workshops, and Outreach

Providing policymakers with a framework to analyze competition issues is an important component of the FTC's mission to promote competition for the benefit of consumers. Government-imposed impediments can be among the most durable restraints on competition. Therefore, in response to requests, the FTC advises local, state, and federal entities on the potential competitive implications of pending governmental actions that may have a major impact on consumers.

- **Advocacy:** In FY 2016, the FTC filed 26 advocacy comments (13 to state legislators, 3 to federal government agencies, 4 to state government agencies and boards, and 6 amicus briefs). This is the FTC's highest yearly output of competition advocacy comments in at least the last ten years.

Among the issues raised in our comments, FTC staff continued to advocate against efforts by state legislatures to create state action antitrust immunity for hospitals and other health care providers that engage in anticompetitive mergers or other forms of collaboration that could violate the antitrust laws. Staff filed

comments opposing antitrust immunity in West Virginia, Alabama, and Virginia. Staff warned that, because federal and state antitrust laws already permit health care collaborations that are likely to benefit consumers, the main effect of these antitrust immunity statutes would be to immunize conduct that would not generate efficiencies and would not otherwise pass muster under the antitrust laws, thereby likely harming health care consumers by increasing health care costs, diminishing incentives to improve quality, and decreasing access to health care services.

FTC staff also continued its multi-year effort to promote expanded scope of practice for mid-level health care professionals, particularly with respect to unnecessarily restrictive supervision requirements. This year, staff filed three comments regarding advanced practice nurses (in West Virginia and South Carolina, and before the U.S. Department of Veterans Affairs) and one regarding dental hygienists (in Georgia). Staff continued to advocate against restrictions that are not narrowly tailored to address well founded patient safety concerns. Staff's comments noted that competition is enhanced, and health care consumers are likely to benefit, when mid-level health professionals are able to independently provide services within the scope of their training, licensure, certification, and current practice.

FTC staff actively pursued a new competition advocacy area this year: the regulation of telehealth services. FTC staff commented on legislation in Alaska and two proposed rules in Delaware, arguing that less restrictive regulation of telehealth services, consistent with patient health and safety, could benefit health care consumers by enhancing competition and increasing access to health care services.

The FTC jointly filed several staff advocacy comments with DOJ's Antitrust Division. These included comments analyzing certificate of need regulations in Virginia and North Carolina, comments pushing for expanded scope of practice for optometrists in Massachusetts and Puerto Rico, and a comment regarding the practice of law in North Carolina.

- **Workshops:** During FY 2016, the Commission continued to conduct public workshops and conferences on emerging competition issues. This year, the Commission held three such events, including its Eighth Annual Microeconomics Conference and two one-day workshops. The first, held in January 2016, explored competition in the context of state regulation of motor vehicle distribution. A second workshop, entitled *Something New Under the Sun*, examined current competition trends arising from consumers' growing use of rooftop solar panels to generate power.
- **Reports:** During FY 2016, the FTC continued to publish reports issue working papers addressing an array of competition issues. For example, the FTC and DOJ jointly issued guidance on preserving competition in the defense industry, highlighting the agencies' approach to merger review in the industry and the importance of working closely with the Department of Defense to assess the

impact of industry consolidation on the Department’s mission. The Commission also issued a series of economic working papers on topics including homogenous product mergers, the determinants of plant exit, patient substitution patterns. The Commission also published its annual report of agreements filed with the FTC pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, covering FY 2014. A total of 160 patent dispute settlements were filed during the period, of which 21 created potential “pay-for-delay” agreements, down from the FY 2012 level.

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

International Antitrust

In FY 2016, the FTC further developed cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies. For example, the U.S. antitrust agencies entered into an antitrust cooperation agreement with the Peruvian antitrust agency, INDECOPI, engaged with the European Commission on policy issues of common interest, and shared merger enforcement techniques and experience with staff from the Canadian Competition Bureau.

The FTC cooperated on 46 cases of mutual concern, including anticompetitive conduct and merger cases, with counterpart agencies from Australia, Belgium, Brazil, Canada, China, the European Union, Germany, India, Ireland, Israel, Japan, Korea, Mexico, South Africa, Taiwan, and the United Kingdom. For example, in the *Staples/Office Depot* matter, Commission staff cooperated with staff from the antitrust agencies of Australia, Canada, and the European Union. The FTC and the Canadian Competition Bureau launched simultaneous challenges, and a Canadian staff member was detailed to the FTC to participate in the U.S. litigation. In light of the growing importance of antitrust enforcement in the global economy and the U.S. agencies’ increased cooperation with foreign authorities, the FTC and the DOJ’s Antitrust Division revised the International Antitrust Guidelines to reflect updates to applicable law and the antitrust agencies’ international enforcement policies and related tools and include a new chapter on international cooperation. These guidelines were issued on January 13, 2017.

The FTC continues to further the important roles that it plays in the International Competition Network (ICN) and the competition groups of the OECD, UNCTAD, and APEC. This provides opportunities to promote convergence toward best practices on substantive analysis and on principles of due process and to share insights on law enforcement and policy initiatives. In the ICN, the FTC serves on the steering group and in numerous other leadership capacities. For example, the FTC co-chairs the Merger Working Group, where it is leading an update of the ICN’s recommended practices for merger notification and analysis, developing practical guidance on merger investigative

techniques and on merger remedies. It also hosted the ICN's 2017 merger workshop. The FTC also originated and leads the ICN Training on Demand project, which is creating a comprehensive curriculum of video training materials on competition law and practice. In addition, the FTC continues to play a key role in promoting implementation of the ICN's Guidance on Investigative Process, the most comprehensive agency-led effort to articulate principles and practices of procedural fairness in antitrust investigations, as well as the ICN's work on merger notification and review procedures. In the OECD, the FTC played a key role in the Competition Committee's project on international cooperation and evaluating the impact of competition enforcement.

With the rapid growth in the number of jurisdictions with competition laws, the FTC has expanded its program of technical assistance to help agencies apply their laws in ways that support competitive markets. Pursuant to its MOUs with the Chinese and Indian competition agencies, the FTC worked with these agencies on implementation of their competition laws, including through training of staff and cooperation and consultation on individual matters. The FTC, with the DOJ's Antitrust Division, addressed challenges posed by enforcement of the Chinese Anti-Monopoly Law through bilateral high-level and staff dialogue with the Chinese agencies, participation in the U.S. interagency group that negotiated competition outcomes in the Strategic & Economic Dialogue and the Joint Commission on Commerce and Trade, and regular consultation with U.S. stakeholders. This year, the FTC expanded its technical assistance programs with India, the Philippines, and Ukraine by placing resident advisors in the agencies, in addition to providing hands-on workshops on investigational skills. The resident advisors' work focused on the application of economic analysis in investigations and merger notification procedures. The FTC also conducted competition training programs in numerous jurisdictions, from Argentina to Vietnam, along with regional programs for Africa, Central America, Southeast Asia, and Southeast Europe. The FTC also conducted and oversaw an APEC-sponsored series of workshops on procedural fairness. During FY 2016, the FTC conducted 40 technical assistance programs for developing competition agencies around the world, supported by a mix of funding sources. The FTC also participated in the U.S. delegation negotiating the competition chapter of the Transatlantic Trade and Investment Partnership.

The FTC International Fellows and Interns program enables staff from counterpart agencies to work directly with FTC staff on antitrust investigations and cases, subject to appropriate confidentiality protections. During FY 2016, Fellows and Interns from Canada, El Salvador, the European Commission, Mexico, Pakistan, and the United Kingdom worked with FTC staff on competition matters.

Planned Activities in FY 2017 and Beyond

PROTECTING CONSUMERS

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

Protecting Consumers from Fraud

Fraud affects all consumers, and the FTC will place an increased emphasis on law enforcement efforts to stop scams, focusing on those that cause the largest consumer harm. The FTC will take enforcement actions to stop imposter scams in which the perpetrators pose as government agents, legitimate technical support companies, family members, or others.

The FTC also will focus on frauds targeting specific populations, including older Americans, military consumers, and small businesses. Con artists continue to target consumers in financial distress. Therefore, the FTC will continue to take enforcement actions to stop deceptive or other unlawful conduct in mortgage assistance relief and debt relief services, payday lending, and debt collection. This deceptive or other unlawful conduct can have severe consequences for consumers who can least afford it.

The FTC also is committed to protecting military consumers from scams. In November 2016, the FTC unveiled an undated and redesigned mobile-optimized version of its website Military.Consumer.gov, a tool to help service members and their families avoid fraud and make wise purchases. With deployments and frequent relocations, military families regularly need to rent or buy a new place to live, manage money while on the move, and be vigilant about dealing with businesses in new locales. The FTC will devote more resources on outreach to military consumers.

The FTC further will continue to offer materials to help businesses avoid becoming victims of fraud in the FTC's Business Center at business.ftc.gov.

Protecting Consumers as Technology Evolves

The FTC will continue its focus on identifying consumer protection issues associated with the use of new technology, including a careful consideration of the costs and benefits of practices and the importance of fostering innovation. The FTC also will take enforcement action against deceptive advertisements that appear in new formats and new media (e.g., apps, games, videos, and social networks). In addition, the agency will

continue to evaluate consumer protection issues in the mobile marketplace through surveys and workshops. The FTC also will continue its efforts to root out entities responsible for illegal robocalls. The agency will enforce its Do Not Call rules and work with other stakeholders and industry to help develop solutions. The FTC will continue to conduct research on emerging technologies to assist with enforcement actions, educate consumers, and inform policy.

Protecting Consumer Privacy and Data Security

The FTC will continue to take a leading role in efforts to protect consumers from unfair or deceptive practices related to the privacy and security of their personal information, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement focused on matters that cause concrete harm to consumers. It will promote strong and balanced privacy protections through policy initiatives on a range of topics. The FTC will continue to emphasize data security educational tools with the Start with Security campaign. For this campaign, the agency will continue to host events around the country on security topics and best practices. In January 2017, the FTC hosted a second PrivacyCon event, continuing and expanding collaboration among leading white-hat researchers, academics, industry representatives, federal policymakers, and consumer advocates. The agency also will host a conference on identity theft to discuss the ways in which identity theft affects consumers and how to quantify the impact of identity theft, from financial and economic harms to the broader impact on public safety. The FTC and the National Highway Traffic Safety Administration will hold a workshop to examine the consumer privacy and security issues posed by automated and connected motor vehicles.

The FTC also will participate in interagency groups, promote self-regulatory efforts, provide technical assistance to Congress on draft legislation and participate in international privacy initiatives.

In addition, the FTC will continue to be the repository for identity theft complaints and make them available to federal criminal law enforcement agencies. Our trained counselors will continue to advise identity theft victims about the rights and remedies available to them under federal law, and educate all consumers about how to avoid becoming a victim. The FTC will continue to make enhancements to IdentityTheft.gov, the federal government's one-stop resource to help consumers report and recovery from identity theft.

Stopping Deceptive Advertising

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

Ensuring Compliance with FTC Orders

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

Globalization and Cross-Border Enforcement

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

The FTC continues to promote international development of market-oriented consumer protection policies that effectively address consumer harm, and highlights the importance of enforcement as a key component of privacy consumer protection, including privacy and data security, spam, and malware, within the OECD, APEC (including the Electronic Commerce Steering Group), International Conference of Data Protection and Privacy Commissioners, and other multilateral organizations. In particular, the FTC will continue to participate in the implementation of the OECD's 2016 Guidelines on Consumer Protection in the Context of Electronic Commerce. The FTC also will continue to take enforcement actions involving cross-border issues, including the EU-U.S. Privacy Shield and participate actively in enforcement networks such as the International Consumer Protection Enforcement Network, the International Mass Marketing Fraud Working Group, the Global Privacy Enforcement Network, and the Unsolicited Communications Enforcement Network. The FTC will continue to engage in technical assistance and capacity building activities in jurisdictions such as India with a focus on preventing fraud aimed at American consumers and enhancing enforcement cooperation to combat deceptive schemes.

PROMOTING COMPETITION

The FTC's competition work is critical in protecting the free and open markets that are at the core of a vibrant economy. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers. Vigorous, competitive markets benefit consumers and entrepreneurs alike, providing both the incentive and opportunity to develop new businesses and generate economic growth. The FTC is dedicated to this ideal, and will continue to use all the tools at its disposal to promote competition and protect consumers from anticompetitive mergers and business practices.

Challenging Anticompetitive Mergers

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

Promoting Competition in Health Care and Pharmaceuticals

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

Continuing Emphasis on Technology and Intellectual Property

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

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

Preventing Anticompetitive Activity in Energy Sector

Historically, the price of gasoline has been a concern for consumers, and is therefore a high priority for the FTC. The FTC continues to focus closely on gasoline markets, investigating industry practices and pricing, and will move quickly to address any anti-

competitive mergers and other anticompetitive activities. Under its Gasoline and Diesel Price Monitoring Project, the FTC continues to track retail gasoline and diesel fuel prices in 360 cities nationwide and wholesale prices in 20 major urban centers to identify unusual changes in gasoline prices; if staff detect any such changes, they will promptly investigate the cause.

Increasing Consumer and Business Outreach

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

Promoting Global Competition

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

Advocating for Competition before the Courts and Other Government Agencies

The FTC also works to minimize government-imposed barriers to a competitive marketplace by responding to policy-makers’ inquiries about how to apply sound competition principles as they make decisions affecting consumer welfare. In doing so, the FTC will continue to file comments on proposed government action (legislation, regulation, and other rules) affecting competition in a broad range of industries. FTC staff will also continue to provide guidance on important competition policy issues by issuing reports and filing amicus briefs to help courts resolve important competition issues. Our recently-convened Economic Liberty Task Force is focused on encouraging state reforms for unnecessary and anticompetitive occupational licensing.

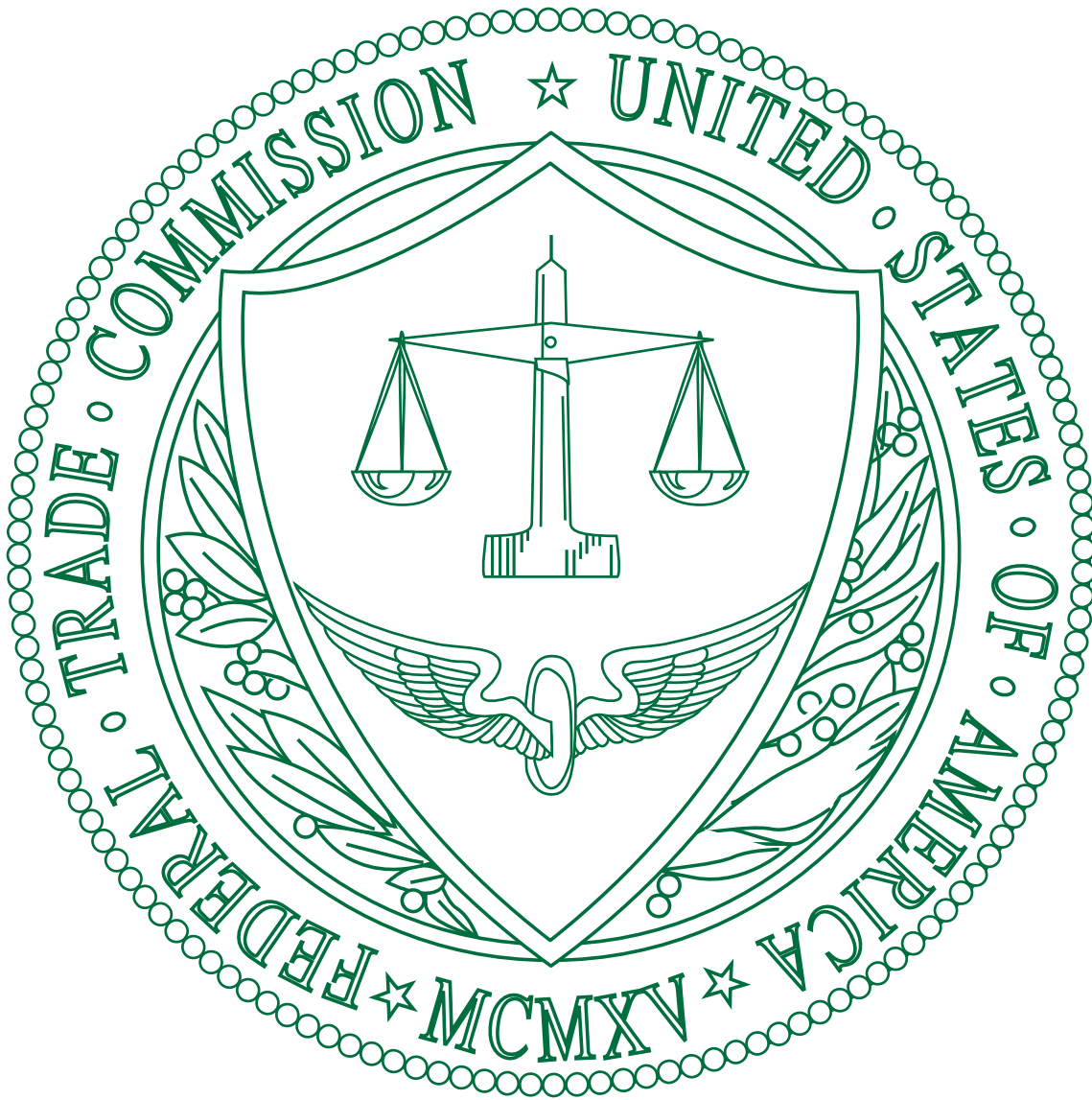
Enforcing FTC Orders, Ensuring the Effectiveness of FTC Merger Orders, and HSR Compliance

The FTC will continue its compliance program to ensure that consumers receive the benefits of FTC orders entered to restore or promote competition. To ensure that the

FTC's merger remedies continue achieving their primary goal, the FTC recently conducted a study and issued a report on the effectiveness of its merger orders. The FTC also will continue to enforce compliance with the HSR premerger notification rules, and take appropriate action when firms fail to meet the filing requirements.

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FISCAL YEAR 2016 PERFORMANCE REPORT AND
ANNUAL PERFORMANCE PLAN
FOR FISCAL YEARS 2017 AND 2018



Budgeted Resources by Objective
(\$ in thousands)

Strategic Goal 1: Protect Consumers	FY 2017 FTE	FY 2017 Amount	FY 2018 FTE	FY 2018 Amount
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.	520	\$143,118	510	\$142,647
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.	76	20,919	73	20,473
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.	31	8,119	29	7,979
Total	627	\$172,156	612	\$171,099

Strategic Goal 2: Maintain Competition	FY 2017 FTE	FY 2017 Amount	FY 2018 FTE	FY 2018 Amount
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.	453	\$113,227	453	\$115,856
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	60	15,159	53	13,600
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.	22	5,775	22	5,762
Total	535	\$134,161	528	\$135,218

FTE by Objective
(\$ in thousands)

Protecting Consumers	Fiscal Year 2017				Fiscal Year 2018			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Privacy and Identity Protection	42	9	3	54	41	8	3	52
Financial Practices	66	7	5	78	65	7	4	76
Marketing Practices	112	5	10	127	112	5	10	127
Advertising Practices	67	5	4	76	63	5	3	71
Enforcement	42	2	1	45	42	1	1	44
Planning and Information	---	---	---	---	---	---	---	---
Consumer Response and Operations	23	1	---	24	23	1	---	24
Litigation Technology and Analysis	31	1	---	32	31	1	---	32
Consumer and Business Education	---	20	---	20	---	20	---	20
Economic and Consumer Policy Analysis	2	5	1	8	2	5	1	8
Management	13	3	---	16	13	3	---	16
Support	122	18	7	147	118	17	7	142
Total	520	76	31	627	510	73	29	612

Promoting Competition	Fiscal Year 2017				Fiscal Year 2018			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Premerger Notification	15	3	---	18	15	3	---	18
Merger and Joint Venture Enforcement	187	14	5	206	187	10	5	202
Merger and Joint Venture Compliance	9	2	---	11	9	2	---	11
Nonmerger Enforcement	116	7	5	128	116	6	5	127
Nonmerger Compliance	1	---	---	1	1	---	---	1
Antitrust Policy Analysis	3	16	7	26	3	16	7	26
Other Direct	16	4	---	20	16	4	---	20
Support	106	14	5	125	106	12	5	123
Total	453	60	22	535	453	53	22	528

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About This Report and Plan

Beginning in FY 2014, the Federal Trade Commission (FTC) combined the Annual Performance Report and the Annual Performance Plan into a single document, published as part of the agency's budget submission. The performance plan and report is organized by strategic goal and objective as defined in the [Agency Strategic Plan for Fiscal Years 2014 to 2018](#). The FY 2018 budget request is based on the FTC's Strategic Plan for FYs 2014 to 2018 and is supported by the FY 2017-2018 Performance Plan included in this submission. In FY 2013, the FTC updated and revised its Strategic Plan and sought input from Congress, the Office of Management and Budget, and its stakeholders to ensure that its strategic goals, objectives, and performance goals continue to provide relevant information that reflects the FTC's performance. The agency is developing the FY 2018-2022 Strategic Plan, which will be published in FY 2018.

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

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

The FTC At-a-Glance

Laws Enforced

In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, and the FTC commenced its work on behalf of American consumers in March 1915. The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the U.S. economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Telemarketing Sales Rule, Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws (see <https://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 1,161 full-time equivalent employees at the end of FY 2016.
- Total new budget authority for FY 2016 was \$306.9 million.

Agency and Mission Information

Agency and Mission Information

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

Mission

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

Vision

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

Our Purpose and History

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

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

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. In 1903, Congress created the predecessor to the FTC,

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

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

Our Organization

The FTC is an independent agency that reports to the President and to Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers' interests by sharing its expertise with Congress and state legislatures and U.S. and international agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs and materials for consumers and businesses in a global marketplace with constantly changing technologies. The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a staggered seven-year term. No more than three commissioners may be from the same political party. The President chooses one commissioner to act as Chair. The post is currently held by Maureen K. Ohlhausen, a commissioner since 2012, who was designated Acting Chairman on January 25, 2017. The other commissioner at this time is Terrell McSweeney. There are three commissioner vacancies.

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

Our People

The FTC's workforce is its greatest asset. The agency's workforce consists of 1,161 civil service employees dedicated to carrying out the agency's mission. The following table shows the workforce composition by category.

FTC's Workforce Composition	
Category	Number of Employees
Attorneys	644
Business Operations (Excluding Separately Listed Occupations)	244
Economists	81
Paralegal Specialists	55
Investigators and Merger Analysts	46
Professionals (Excluding Attorneys and Economists)	46
Other	45
Total	1,161

Performance Overview

This section contains details of program performance results, trend data by fiscal year, resources, strategies, factors affecting performance, and the procedures used to verify and validate the performance data. The performance results described in this report enable the FTC to administer and gauge the success of its programs, and make adjustments necessary to improve program quality for the public. The steps the FTC has taken to ensure the performance information it reports is complete, accurate, and consistent are described under Verification and Validation of Performance Data, and in the [Data Quality Appendix](#). Performance targets for FYs 2016-2018 for the agency's performance goals and historical results for FYs 2010 to 2016 are presented in the tables following this section.

Strategic and Performance Planning Framework

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

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

Performance Measurement Reporting Process

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

Performance Goals Overview

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

Relationship of Outputs to Outcomes

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

Verification and Validation of Performance Data

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

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

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

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

Program Evaluation

In FY 2016, BE and BCP completed implementation of the OIG's recommendations from their prior year program evaluations. In FY 2016, the OIG published an [evaluation of OCIO](#). OCIO agreed with the findings and completed its implementation of the OIG's recommendation in FY 2016 and early FY 2017. For information on the agency's general evaluation and research activities, see the Evaluation and Research section included for each of the strategic goals later in this report.

Strategic Human Capital Management

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

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

Enterprise Risk Management

The FTC has initiated an Enterprise Risk Management (ERM) program to assess risks systematically across major program areas. ERM assesses the full spectrum of the agency's risks related to achieving its strategic objectives using the agency Strategic Plan. The result of the assessment will be provided to agency leadership with a portfolio view of risk to help inform decision-making.

The Office of Management and Budget (OMB) has revised the Circular A-123 to integrate the ERM process with Internal Controls. To support the new requirements, the agency is working with staff to identify risks and highlight areas for mitigation. For FY 2016, the FTC focused on developing an ERM guide and implementation plan. For FY 2017, the agency will use the performance goals in the Strategic Plan to identify, document, and report risk in the form of a risk portfolio (register). For FY 2018, internal controls staff will standardize risk management and monitoring activities throughout the agency.

Annual Performance Goals: Fiscal Years 2014 to 2018
 For additional performance information, please see the reports available at
<http://www.ftc.gov/about-ftc/performance>.

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Strategic Goal 1: Protect Consumers						
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.						
Performance Goal 1.1.1 Percentage of the FTC's consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC.	89.9%	93.8%	91.2%	80.0%	80.0%	80.0%
Performance Goal 1.1.2 Rate of customer satisfaction with the FTC's Consumer Response Center.	(A) 71.0% (B) 81.0%	(A) 81.0% (B) 82.0%	(A) 81.0% (B) 83.0%	(A) 73.0% (B) 73.0%	(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. (B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.	
Key / Efficiency Performance Goal 1.1.3 Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.	769.0%	723.4%	1,083.8%	650.0%		
Key Performance Goal 1.1.4 Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.	\$66.9 million	\$76.2 million	\$57.6 million	\$60.0 million		
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.						
Performance Goal 1.2.1 Rate of consumer satisfaction with FTC consumer education websites.	79.0%	Data Not Available	76.0%	73.0%	Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.	
Key Performance Goal 1.2.2 Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.	12,205	16,321	14,509	11,500	12,500	
Performance Goal 1.2.3 Number of workshops and conferences the FTC convened that address consumer protection problems.	10	17	12	10		
Performance Goal 1.2.4 Number of consumer protection reports the FTC released.	6	6	8	8	6	

Annual Performance Goals: Fiscal Years 2014 to 2018

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.						
Performance Goal 1.3.1 Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhance consumer protection.	424	435	387		375	
Key Performance Goal 1.3.2 Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions, or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.	45	58	53		40	
Performance Goal 1.3.3 Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC.	60	76	66		60	
Performance Goal 1.3.4 Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	81.8%	100.0%	TBD	55.0%		60.0%

Annual Performance Goals: Fiscal Years 2014 to 2018

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Strategic Goal 2: Maintain Competition						
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.						
Key Performance Goal 2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations.	57.1%	57.7%	54.6%	40.0-60.0%		
Performance Goal 2.1.2 Consumer savings through merger actions taken to maintain competition.	\$1.0 billion	\$2.4 billion	\$2.6 billion	\$900.0 million	\$2.1 billion	
Key / Efficiency Performance Goal 2.1.3 Total consumer savings compared to the amount of FTC resources allocated to the merger program.	2,505.2%	5,131.6%	4,640.3%	2,600.0%	4,200.0%	
Performance Goal 2.1.4 Consumer savings through nonmerger actions taken to maintain competition.	\$419.0 million	\$1.0 billion	\$1.0 billion	\$80.0 million	\$900.0 million	
Key / Efficiency Performance Goal 2.1.5 Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.	2,028.3%	4,863.3%	5,228.6%	400.0%	4,000.0%	
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.						
Performance Goal 2.2.1 Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.	4	4	3	4		
Performance Goal 2.2.2 Number of reports and studies the FTC issued on key competition-related topics.	11	9	9	8		
Performance Goal 2.2.3 Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	93.3%	80.0%	TBD	55.0%	60.0%	

Annual Performance Goals: Fiscal Years 2014 to 2018

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.						
Key Performance Goal 2.3.1 Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	100.0%	100.0%	100.0%		95.0%	
Performance Goal 2.3.2 Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or government, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visit the FTC.	161	144	160		120	

Annual Performance Goals: Fiscal Years 2014 to 2018

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Strategic Goal 3: Advance Organizational Performance						
Objective 3.1: Optimize resource management and infrastructure.						
Performance Goal 3.1.1 A favorable Continuity of Operations (COOP) rating.	85.0%	90.0%	90.0%		75.0%	
Performance Goal 3.1.2 Availability of information technology systems.	99.98%	99.82%	99.75%		99.50%	
Performance Goal 3.1.3 Achieved a favorable (unmodified) audit opinion from the agency's independent financial statement auditors.	Unmodified opinion	Unmodified opinion	Unmodified opinion		Unmodified opinion on the financial statements	
Efficiency Performance Goal 3.1.4 Average number of days for the FTC to release information in response to a simple FOIA request.	5.4 days	5.5 days	5.9 days		6.0 days	
Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.						
Performance Goal 3.2.1 FTC achieves a high ranking in the Best Places to Work in the Federal Government.	Ranked 4th	Ranked 4th	Ranked 5th		Within the top 10 of mid-size agencies	
Key Performance Goal 3.2.2 The extent employees believe the FTC has the talent necessary to achieve organizational goals.	70.0%	72.0%	74.0%	58.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.	
Performance Goal 3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.	68.0%	70.0%	75.0%	58.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion - The New IQ Index.	

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Strategic Goal 1: Protect Consumers

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

Evaluation and Research

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

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

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

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

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

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

The FTC uses new technologies creatively and builds on its broad base of private and public sector partners. The Consumer Sentinel Network (CSN) is a unique investigative cyber tool that provides law enforcement members with access to millions of consumer complaints. The agency makes consumer complaint data and other information available to other law enforcers through the secure website of the CSN. Through the CSN, the agency continues to collect consumer complaint information directly through four principal sources:

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

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

The FTC recognizes that consumers cannot always identify whether unfair or deceptive practices have occurred. For example, consumers cannot evaluate for themselves the truthfulness of an environmental marketing claim, such as “made with recycled content.” The agency, therefore, identifies targets by augmenting its complaint databases with other enforcement leads, such as ad monitoring, Internet “surfs” (monitoring the Internet for potentially false or deceptive advertising for a targeted product or service), evaluation of mobile practices, and direct referrals from government and private sector partners.

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

Strategies

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

FY 2016 Strategic Objective Progress Update

Progress made

After conducting a survey of its staff and external law enforcement members of the CSN, the FTC is starting the process of significantly upgrading CSN to respond to member suggestions. The CSN Team has implemented an advanced data analytics capacity to enable proactive law enforcement. The Team also has been working on other improvements for over a year to expand the system. These improvements, scheduled for deployment in early 2017, will expand both CSN use and capacity. They include specialized profiles called "spotlights" that focus on specific criteria important to user agencies, and heat maps and graph analytics to provide visual data on user communities.

In addition, the agency continues to hold workshops to identify the consumer protection issues associated with changes in technology and the marketplace, and to identify scams affecting different communities. The agency has brought enforcement actions related to these workshop topics, such as privacy and data security, financial technology (FinTech), deceptive endorsements and native advertising, debt collection, and scams affecting specific populations, such as Spanish-speaking consumers and older Americans. As part of its *Every Community* initiative, BCP continues to conduct and spur additional research to examine fraud in various communities – older Americans, African Americans, Latinos, and military families, among others. The Commission released a report to Congress on reducing fraud in African American and Latino communities¹ and, in December, hosted a workshop to examine the effects of changing

¹FED. TRADE COMM'N, COMBATING FRAUD IN AFRICAN AMERICAN AND LATINO COMMUNITIES: THE FTC'S COMPREHENSIVE STRATEGIC PLAN (2016), <https://www.ftc.gov/reports/combating-fraud-african-american-latino-communities-ftcs-comprehensive-strategic-plan>.

consumer demographics on the marketplace.² Staff is also currently working on the next Fraud Survey.

BCP continued to make law enforcement training a priority in FY 2016. The Bureau significantly expanded the content on BCP Lit, its widely used internal training and information platform, adding new training videos, legal resources, and investigation and litigation advice. The Bureau provided in-person training on topics including ad substantiation, preliminary relief, the First Amendment, affiliate marketing, and professional liability. BCP also hosted numerous brown bags on litigation topics. In addition, BCP through its Office of Technology (OTech) worked to keep BCP's staff current and tech-savvy, providing training on topics such as blockchains, encryption, and location services. The Bureau sent six litigators to the National Institute for Trial Advocacy's week-long trial advocacy program, and two investigators participated in training on complex online investigations at the Justice Department's National Advocacy Center. In addition, BCP continued to offer its mentoring program to staff.

Challenges or barriers

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

² See FTC Workshop, *The Changing Consumer Demographics* (Dec. 6, 2016), <https://www.ftc.gov/news-events/events-calendar/2016/12/changing-consumer-demographics>.

Performance Goals

Performance Goal 1.1.1

Percentage of the FTC’s consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC. (Output measure)

This goal ensures that FTC law enforcement actions target the subject of concerns identified by consumers.

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	80.0%	---	In FY 2016, 91.2%, or 52 of 57, of BCP’s law enforcement actions targeted the subject of consumer complaints to the FTC. Because BCP augments identification of targets from its databases with other strategies for generating enforcement leads – such as monitoring compliance with FTC orders, ad monitoring, Internet surfs, mobile application surveys, and direct referrals from government and private sector partners – the results vary from year to year.
2017	80.0%	---	
2016	80.0%	91.2%	
2015	80.0%	93.8%	
2014	80.0%	89.9%	
2013	70.0%	90.9%	
2012	70.0%	90.6%	
2011	65.0%	80.4%	
2010	65.0%	95.9%	
2009	65.0%	79.0%	
2008	65.0%	71.0%	
2007	50.0%	76.0%	

Performance Goal 1.1.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	See (A) and (B)	---	<p>In FY 2016, the average citizen satisfaction score for participating federal government websites was 73.0%, and the score for the FTC’s website was 81.0%. The standard for call centers was 73.0%, and the FTC’s score was 83.0%.</p> <p>(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI’s E-Government Satisfaction Index. (B) For the call center, meet or exceed standards for call centers developed by the Citizens Service Levels Interagency Committee.</p>
2017	See (A) and (B)	---	
2016	(A) 73.0% (B) 73.0%	(A) 81.0% (B) 83.0%	
2015	(A) 72.0% (B) 72.0%	(A) 81.0% (B) 82.0%	
2014	(A) 74.0% (B) 74.0%	(A) 71.0% (B) 81.0%	
2013	(A) 74.0% (B) 74.0%	(A) 76.0% (B) 80.0%	
2012	(A) 74.0% (B) 74.0%	(A) 75.0% (B) 79.0%	
2011	(A) 74.0% (B) 74.0%	(A) 75.0% (B) 77.0%	
2010	(A) 74.0% (B) 76.0%	(A) 75.0% (B) 76.0%	



Key Performance Goal 1.1.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	650.0%	---	During FY 2016, the agency saved consumers over ten times the amount of resources devoted to the consumer protection program, or \$1.06 billion. This is largely attributable to the consumer savings from the AMG Services, Herbalife, and Lifelock cases.
2017	650.0%	---	
2016	650.0%	1,083.8%	
2015	650.0%	723.4%	
2014	Baseline Year	769.0%	



Key Performance Goal 1.1.4

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

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

Fiscal Year	Target	Actual	Target Not Met In FY 2016, the FTC returned \$50.3 million to consumers and forwarded \$7.3 million to the U.S. Treasury. The FTC returned money to consumers in the Straight Talk Wireless, One Technologies, and Genesis Today cases, among others. The money returned to the U.S. Treasury included civil penalties obtained in settlements with Direct Lending Source, Inc, Sprint ASL Program, and Bed Bath & Beyond, Inc. This target was not met because a major redress order for the AT&T case was not fulfilled in FY 2016 due to the complex nature of the refund process in this case.
2018	\$60.0	---	
2017	\$60.0	---	
2016	\$60.0	\$57.6	
2015	\$60.0	\$76.2	
2014	Baseline year	\$66.9	

Other Indicators

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

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

- » FY 2016: 8.4 million complaints
- » FY 2015: 7.1 million complaints
- » FY 2014: 5.6 million complaints
- » FY 2013: 5.7 million complaints
- » FY 2012: 5.8 million complaints
- » FY 2011: 4.0 million complaints
- » FY 2010: 3.1 million complaints

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

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

- FY 2016: 100.0%
- FY 2015: 88.2%
- FY 2014: 100.0%
- FY 2013: 94.7%
- FY 2012: 95.0%
- FY 2011: 100.0%
- FY 2010: 96.0%

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

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

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

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

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

also will continue to publicize its consumer complaint³ and identity theft websites and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of ways to contact the FTC to obtain information or file a complaint.

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

Strategies

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

FY 2016 Strategic Objective Progress Update

Progress made

Fraud affects consumers in every community regardless of where they live or what language they speak. Through its “Every Community” initiative, the FTC works to reach diverse communities through targeted education materials and messages. In 2016, the FTC held four ethnic media roundtables with journalists, law enforcement partners, and consumer advocates to discuss the scams targeting diverse communities and produced three videos featuring first-person testimonials. The FTC expanded its popular “fotonovela” (graphic novel) series with two new titles, Car-buying Trouble and Debt Relief Scams, and distributed thousands of booklets to Latino community-based organizations; created teacher lesson plans in English and Spanish for consumer.gov; released

³ Consumer Sentinel Network Data Book for January through December 2016 (Mar. 2017), https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-january-december-2016/csn_cy-2016_data_book.pdf; National Do Not Call Registry Data Book FY 2016 (Dec. 2016), https://www.ftc.gov/system/files/documents/reports/national-do-not-call-registry-data-book-fiscal-year-2016/dnc_data_book_fy_2016_post.pdf.

new Pass It On fact sheets in English and Spanish about tech support scams, grandkid scams, IRS imposter scams and online dating scams; and distributed more than 2 million copies of Pass It On materials. The FTC built on the Start with Security program to provide businesses with resources to implement data security strategies by releasing 11 new Start with Security videos and a new publication about how to respond to a data breach.

Challenges or barriers

The FTC encountered challenges meeting the demand for educational materials available in print. We mitigated these issues through judicious funding, publication revisions, and streamlining the catalog of printed materials. Also, the popular Admongo.gov site, which teaches kids to think critically about advertising, uses Flash, a technology that is no longer supported, and therefore must be rebuilt in a supported coding language so the FTC can continue to make the content available to students, teachers, and school administrators. The site also requires a server upgrade to mitigate a potential security vulnerability.

Performance Goals

Performance Goal 1.2.1 Rate of consumer satisfaction with FTC consumer education websites. (Outcome measure) <i>This goal ensures that the agency's consumer education websites are effective and helpful for consumers.</i>			
Fiscal Year	Target	Actual	Target Met/Exceeded In FY 2016, the FTC evaluated Bulkorder.ftc.gov and Consumer.ftc.gov to determine the rate of customer satisfaction with FTC consumer education websites. The average citizen satisfaction score for participating federal government websites was 73.0%, and the combined score for Bulkorder.ftc.gov and Consumer.ftc.gov was 76.0%.
2018	See note*	---	*Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.
2017	See note*	---	
2016	73.0%	76.0%	
2015	73.0%	Data Not Available	
2014	73.0%	79.0%	
2013	73.0%	80.0%	
2012	74.0%	81.0%	
2011	74.0%	81.0%	
2010	74.0%	77.0%	



Key Performance Goal 1.2.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	12,500	---	<p>The FTC increased the number of partners using consumer and business education materials by employing targeted outreach programs and leveraging cost-effective outlets, such as social media. In FY 2016, targeted outreach included promoting two new Spanish-language “fotonovelas” to groups serving Spanish-speaking audiences and Admongo lesson plans to educators and librarians. These programs led to increased outreach to the FTC from those groups and individuals, including orders for materials, meetings, and invitations to speak at events. Materials are promoted through the agency’s websites, blog posts, webinars, Twitter chats, and Facebook posts.</p> <p>*The FY 2016 result was incorrectly reported in the FY 2016 Agency Financial Report due to a data entry error.</p>
2017	12,500	---	
2016	11,500	14,509*	
2015	11,500	16,321	
2014	11,250	12,205	
2013	12,300	11,236	
2012	12,000	11,298	
2011	11,300	14,818	
2010	11,000	15,372	

Performance Goal 1.2.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	10	---	In FY 2016, the FTC convened or cosponsored 12 workshops and conferences that addressed consumer protection problems. These events brought together approximately 4,175 participants.
2017	10	---	
2016	10	12	
2015	12	17	
2014	12	10	
2013	8	12	
2012	8	14	
2011	8	14	
2010	6	11	
2009	6	9	
2008	6	16	
2007	6	10	

Performance Goal 1.2.4

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	6	---	<p>In FY 2016, the FTC published five consumer protection related reports in the areas of cigarettes, smokeless tobacco, combating fraud in African American and Latino communities, organic claims, and big data. The agency published two annual reports - the Do-Not-Call Registry and the Consumer Sentinel Network Data Book, as well as a biennial report to Congress regarding the Do Not Call Act of 2007.</p> <p>*New performance goal in FY 2014. Historical data shown for context.</p>
2017	6	---	
2016	8	8	
2015	10	6	
2014	10	6	
2013	*	12	
2012	*	10	
2011	*	9	

Other Indicators

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

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

- » FY 2016: 15.3 million messages
- » FY 2015: 17.4 million messages
- » FY 2014: 13.7 million messages
- » FY 2013: 11.8 million messages
- » FY 2012: 10.8 million messages
- » FY 2011: 16.2 million messages
- » FY 2010: 17.5 million messages

- Social media subscribers and followers. (Input measure)

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

- » FY 2016: 398,792 subscribers/followers
- » FY 2015: 366,876 subscribers/followers
- » FY 2014: 263,568 subscribers/followers
- » FY 2013: 152,548 subscribers/followers
- » FY 2012: 75,424 subscribers/followers

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

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

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

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

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

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

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

Strategies

- Leverage resources by working with domestic and international partners in government and the private sector to share information about consumer protection issues.
- Pursue the development of international consumer protection enforcement models or approaches that focus on protecting consumers by promoting informed consumer choice and consumer welfare.

- Provide technical assistance to countries establishing consumer protection regimes, as well as provide selected foreign officials with an opportunity to work alongside FTC attorneys, investigators, and economists to learn about the FTC's approach to consumer protection enforcement and to promote further cooperation between the countries.

FY 2016 Strategic Objective Progress Update

Progress made

The FTC exceeded the targets that relate to collaboration with both domestic and international counterparts to enhance consumer protection. In the enforcement area, the FTC worked closely with its federal, state and local partners on numerous investigations, including several large projects such as the Joint Dietary Supplement Sweep and the Joint Robocall Initiative, and the Volkswagen case, a lawsuit the FTC brought with Department of Justice, Environmental Protection Agency, and the California Attorney General. Similarly, the FTC worked closely with international partners on numerous investigations, using its information sharing and investigative assistance authority under the U.S. SAFE WEB Act and other cooperation tools, in a number of investigations including [fake prize scams](#) and [tech support schemes](#). The agency also continued to strengthen its ties with international enforcement networks – such as the International Consumer Protection and Enforcement Network (ICPEN), the Unsolicited Communications Enforcement Network (UCENet, formerly the London Action Plan), the International Mass Marketing Fraud Network (IMMFWG), and the Global Privacy Enforcement Network (GPEN). This past year, the FTC worked in all networks to expand the number of participating authorities and strengthen the use of data (including consumer complaint data) and technology to support the networks' cross-border enforcement cooperation activities. With 33 foreign counterparts, the agency publicly launched the refreshed [econsumer.gov](#) website, an ICPEN project. Together with representatives from seven foreign agencies (all of which are GPEN members), the FTC executed a Memorandum of Understanding for a new confidential information sharing system called GPEN Alert. The FTC also entered into two new memoranda of understanding (MOU) to facilitate information sharing and enforcement cooperation in the worldwide fight against unsolicited messages and calls: (i) a bilateral agreement with the Canadian Radio-television Telecommunications Commission and (ii) a multilateral agreement with 11 regulators that are UCENet members.

In the policy and technical assistance area, the agency engaged extensively on consumer policy issues in international organizations. This engagement resulted in the issuance of new e-commerce consumer protection guidelines by the Organization for Economic Cooperation and Development (OECD) in April 2016 and the adoption of updated Guidelines on Consumer Protection by the United Nations Conference on Trade and Development (UNCTAD) in December 2015. The FTC continued its work to protect consumer privacy in cross-border data transfer systems, including by helping to expand the Asia-Pacific Economic Cooperation (APEC) cross-border privacy system and by working, alongside other U.S. government agencies, to develop the EU-U.S. Privacy Shield, which provides companies on both sides of the Atlantic with a mechanism to

comply with EU data protection requirements when transferring personal data from the European Union to the United States. The FTC also expanded the subject matter and types of training it delivers to new and developing agencies through its technical assistance programming. In particular, the FTC built on its prior work in India to promote enforcement against Indian call center fraud through information sharing, enhanced consumer education, and the creation of technological tools to curb fraudulent use of VoIP telephony.

In the consumer protection advocacy area, the FTC submitted comments to the Federal Communications Commission (FCC) on: the privacy enforcement implications of the proposed set-top box rulemaking; the FCC proposal to amend its regulations on the use of robocalls to collect debts owed or guaranteed by the federal government; and the FCC's proposed privacy rulemaking for broadband internet access services providers. The FTC also filed comments in response to proposed legislation to regulate pre-need cemetery and funeral merchandise and services in Pennsylvania. In addition, staff filed comments regarding a National Telecommunications and Information Administration (NTIA) public notice seeking input on the benefits, challenges and role of government in fostering innovation for the rapidly growing number of devices connected to the Internet, often referred to as the Internet of Things.

Challenges or barriers

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

Performance Goals

Performance Goal 1.3.1

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	375	---	In FY 2016, BCP shared information with other U.S. federal, state, and local government agencies in 106 investigations or cases. In FY 2016, BCP received information from other U.S. federal, state, and local government agencies in 281 investigations or cases.
2017	375	---	
2016	375	387	
2015	375	435	
2014	Baseline Year	424	



Key Performance Goal 1.3.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	40	---	In FY 2016, the FTC cooperated in 53 instances on consumer protection and privacy matters to obtain or share evidence or engage in other enforcement cooperation in investigations, cases, and enforcement-related projects. Foreign authorities assisted the FTC in activities such as locating investigative targets and defendants, sharing consumer complaints, obtaining corporate records, and providing other investigative information. The FTC also provided assistance to numerous foreign authorities through various mechanisms using its authority under the U.S. SAFE WEB Act and other cooperation tools to share information and provide investigative assistance using compulsory process. The FTC also cooperated on enforcement matters with international enforcement organizations such as the International Consumer Protection Enforcement Network, the Global Privacy Enforcement Network, the Unsolicited Communications Enforcement Network, and the International Mass Marketing Fraud Working Group.
2017	40	---	
2016	40	53	
2015	40	58	
2014	40	45	
2013	30	61	
2012	30	56	
2011	30	53	
2010	30	39	

Performance Goal 1.3.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	60	---	In FY 2016, the FTC provided policy input to foreign consumer protection and privacy agencies in 66 instances. This included policy advice and technical input on a wide range of consumer and privacy policy issues delivered through seminars, substantive consultations, oral presentations, and written comments. Of the 66 inputs, 19 represent technical assistance missions to new and developing consumer protection and privacy agencies, and 4 represent International Fellows from Chile (2), France, and Saudi Arabia, who worked alongside FTC staff in support of the consumer protection mission.
2017	60	---	
2016	60	66	
2015	60	76	
2014	60	60	

Performance Goal 1.3.4

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	60.0%	---	Ten consumer protection advocacies were resolved successfully, in whole or in part, in FY 2015. They related to best practices for consumer disclosures, debt collection, call blocking services, and regulations covering prepaid cards and military lending. FY 2016 data is expected in early calendar year 2017. (Historical data shown for context.)
2017	60.0%	---	
2016	55.0%	TBD	
2015	55.0%	100.0%	<ul style="list-style-type: none"> • 60.0% Successful (6 of 10) • 40.0% Partially Successful (4 of 10) • 0.0% Unsuccessful (0 of 10)
2014	55.0%	81.8%	<ul style="list-style-type: none"> • 54.5% Successful (6 of 11) • 27.3% Partially Successful (3 of 11) • 18.2% Unsuccessful (2 of 11)
2013	55.0%	85.7%	<ul style="list-style-type: none"> • 28.6% Successful (2 of 7) • 57.1% Partially Successful (4 of 7) • 14.3% Unsuccessful (1 of 7)
2012	none	100.0%	<ul style="list-style-type: none"> • 50.0% Successful (1 of 2) • 50.0% Partially Successful (1 of 2) • 0.0% Unsuccessful (0 of 2)

Other Indicators

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

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

- » FY 2016: 8 advocacy comments and amicus briefs
- » FY 2015: 9 advocacy comments and amicus briefs
- » FY 2014: 10 advocacy comments and amicus briefs*
- » FY 2013: 12 advocacy comments and amicus briefs
- » FY 2012: 8 advocacy comments and amicus briefs

*The number of consumer protection advocacy comments and amicus briefs filed in FY 2014 changed from 11 to 10, because one item previously considered to relate to both consumer protection and competition matters was reclassified as only relating to competition matters.

- Percentage of survey respondents finding the FTC's advocacy comments to be "useful." (Outcome measure)

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

- » FY 2016: 75.0%
- » FY 2015: 100.0%
- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: N/A - No survey responses received

FY 2017–2018 Next Steps and Future Actions for Strategic Objective

- Work with international partners to strengthen cooperation among enforcement partners, bilaterally and through multilateral organizations such as the International Consumer Protection Enforcement Network, the Unsolicited Communications Enforcement Network, and the International Mass-Marketing Fraud Network including through new and expanded initiatives with foreign criminal authorities and private sector partners, particularly in countries that are increasingly the source of fraud directed at American consumers. Use U.S. SAFE WEB Act authority and new technological tools to expand cooperation and information sharing with counterpart agencies.

- Engage through the OECD to implement the 2016 OECD Guidelines on Consumer Protection in Electronic Commerce and conduct related work on consumer trust and decisionmaking including the “sharing economy” (or peer platform marketplaces), the economics of consumer protection, and the Internet of Things.
- Engage with the new Intergovernmental Group of Experts on Consumer Protection at UNCTAD to develop and implement best practices under the revised UN Guidelines on Consumer Protection.
- Effectuate the FTC’s enforcement-related commitments under the EU-U.S. Privacy Shield and work closely with foreign data protection authorities to provide enforcement assistance, which, in appropriate cases, could include information sharing and investigative assistance pursuant to the U.S. SAFE WEB Act.
- Engage in enforcement cooperation pursuant to the APEC cross-border data privacy rules system and work to expand membership among APEC members.
- Continue to build and expand a robust international consumer protection and privacy technical assistance program for newer consumer protection and privacy agencies, especially in Latin America, Southeast Asia, and Africa. Engage in targeted, multi-stakeholder approaches to enforcement capacity building in India focusing on India-based call center fraud.
- Further develop the International Fellows and staff exchange programs.
- File comments or otherwise engage in advocacy with local, state, federal, and foreign government entities that evaluate the costs and benefits of proposed policies on consumers and an awareness of the intersection of competition and consumer protection concerns.
- File amicus briefs with federal courts when possible to address possible court decisions affecting competition and consumer protection concerns.
- Evaluate whether the advice and comments (e.g., advocacy filings, amicus briefs, etc.) that the FTC provides to local, state, and federal government entities on consumer protection policies have been considered and adopted.

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Strategic Goal 2: Maintain Competition

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

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

Evaluations and Research

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

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

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

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

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

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

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

Strategies

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

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

FY 2016 Strategic Objective Progress Update

Progress made

The FTC again focused on its greatest asset, its staff, and leveraged that asset for the benefit of the mission on multiple fronts. First, staff has continued to work diligently to identify and communicate best practices for both investigations and litigation to enhance intra-organizational collaboration and information sharing. The agency also continued its successful emphasis on employee-led staff development through renewed focus on its Training Council and mentoring programs. The Bureau of Competition continued its internal training council with staff creating the content and making the presentations. BC also recognizes staff who devote time to mentoring to reinforce the value the organization places on mentoring and its importance to the mission. These programs are cost-neutral, but also enhance succession planning by improving knowledge transfer on important topics in antitrust enforcement and policy, thereby undergirding the long-term success of the competition mission.

BC also continued its emphasis on executive leadership and workplace culture by providing targeted assessment and development opportunities for the bureau's division leadership teams.

The agency continued to devote resources to identifying opportunities to streamline its investigatory processes and minimize the burden imposed on legitimate business practices. This year, for example, the agency revised the premerger notification rules to allow submission of Hart-Scott-Rodino filings via DVD.

Challenges or barriers

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

The FTC also faces an increasingly challenging landscape in attempting to maintain competition as state and local communities adjust to recent Supreme Court rulings in *Federal Trade Commission v. Phoebe Putney Health System, Inc.*, and in *North*

Carolina State Board of Dental Examiners v. Federal Trade Commission. The challenge requires the FTC to utilize the full range of policy and advocacy tools at its disposal to promote competition in health care markets.

Performance Goals



Key Performance Goal 2.1.1

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

This goal encourages the agency to use its resources wisely in bringing appropriate investigations and in crafting and pursuing effective resolutions, whether through litigation or settlement. Success on this performance measure indicates that the FTC is (i) effectively screening HSR reported transactions and identifying other mergers and conduct practices that raise significant antitrust concerns warranting further investigation and possible enforcement action while (ii) allowing procompetitive and competitive neutral mergers and conduct to consumers to proceed unimpeded.

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	40.0 to 60.0%	---	<p>The agency took action to maintain competition in 24 of the 44 substantial merger and nonmerger investigations concluded in FY 2016. These 24 actions include 19 consent orders, 1 merger transaction that was withdrawn after the Commission authorized a preliminary injunction (Superior/Canexus), 1 case in which the parties abandoned their transaction after the Commission successfully obtained a preliminary injunction in federal court (Staples/Office Depot), 1 case in which the parties abandoned their transaction due to antitrust concerns raised during the investigation, and 2 cases won on appeal (McWane and St. Luke's/Saltzer), 1 of which included court-ordered divestiture.</p> <p>The agency concluded 19 merger actions in second request or compulsory process investigations in a broad array of industries such as pharmaceuticals and medical devices, health care providers, industrial goods and chemicals, retail goods, technology, and energy.</p> <p>The FTC also concluded five actions against anticompetitive tactics that the agency had reason to believe harmed consumers or competition in industries such as industrial goods, consumer goods, and professional associations.</p> <p>Of the 20 substantial investigations that were closed without an action, 9 involved nonmerger matters and 11 were merger matters.</p> <p>*The FY 2015 result was updated after the publication of the FY 2016-2017 APP and FY 2015 APR, because a merger action was unintentionally excluded from the original calculation.</p>
2017	40.0 to 60.0%	---	
2016	40.0 to 60.0%	54.6%	
2015	40.0 to 60.0%	57.7%*	
2014	40.0 to 60.0%	57.1%	
2013	40.0 to 60.0%	42.2%	
2012	40.0 to 60.0%	43.1%	
2011	40.0 to 60.0%	34.1%	
2010	40.0 to 60.0%	40.0%	

Performance Goal 2.1.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	\$2.1 billion	---	In FY 2016, the FTC saved consumers on average an estimated \$2.6 billion per year through its merger actions to maintain competition in the past five years. This year, merger actions in the pharmaceutical, retail, grocery, and industrial goods industries resulted in considerable consumer savings allowing the agency to continue to meet the target for this performance goal. Significant consumer savings from merger actions in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.
2017	\$2.1 billion	---	
2016	\$900.0	\$2.6 billion	
2015	\$900.0	\$2.4 billion	
2014	\$900.0	\$1.0 billion	
2013	\$500.0	\$564.2	
2012	\$500.0	\$504.9	
2011	\$500.0	\$532.2	
2010	\$500.0	\$586.0	
2009	\$500.0	\$791.0	
2008	\$500.0	\$360.0	
2007	\$500.0	\$805.0	



Key Performance Goal 2.1.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	4,200.0%	---	<p>In FY 2016, the FTC saved consumers more than 46 times the amount of resources devoted to the merger program. As mentioned in Performance Goal 2.1.2, merger actions in the pharmaceutical, retail, grocery, and industrial goods industries resulted in considerable consumer savings, which, coupled with relatively level program resources, allowed the agency to continue to meet the target for this performance goal. Significant consumer savings from merger actions in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.</p> <p>*The FY 2015 result was updated after the publication of the FY 2016-2017 APP and FY 2015 APR, because a merger action was unintentionally excluded from the original calculation</p>
2017	4,200.0%	---	
2016	2,600.0%	4,640.3%	
2015	2,600.0%	5,131.6%*	
2014	2,600.0%	2,505.2%	
2013	1,300.0%	1,382.2%	
2012	1,300.0%	1,492.4%	
2011	600.0%	1,419.0%	
2010	600.0%	1,670.0%	
2009	600.0%	2,132.0%	
2008	600.0%	1,121.0%	
2007	600.0%	2,500.0%	

Performance Goal 2.1.4

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	\$900.0	---	<p>From FY 2012 to FY 2016, the FTC saved consumers on average an estimated \$1.0 billion per year through nonmerger actions taken to maintain competition. This year, nonmerger actions in the industrial goods industry resulted in considerable consumer savings, allowing the agency to continue to meet the target for this performance goal. Significant consumer savings from the historic Cephalon investigation in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.</p>
2017	\$900.0	---	
2016	\$80.0	\$1.0 billion	
2015	\$80.0	\$1.0 billion	
2014	\$440.0	\$419.0	
2013	\$450.0	\$449.8	
2012	\$450.0	\$439.8	
2011	\$80.0	\$444.9	
2010	\$80.0	\$508.0	
2009	\$80.0	\$188.0	
2008	\$80.0	\$28.0	
2007	\$80.0	\$75.0	



Key Performance Goal 2.1.5

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	4,000.0%	---	In FY 2016, the FTC saved consumers more than 52 times the amount of resources it devoted to the non-merger enforcement program. As mentioned under Performance Goal 2.1.4, nonmerger actions in the industrial goods industry resulted in considerable consumer savings, allowing the agency to continue to meet the target for this performance goal. Significant consumer savings from the historic Cephalon investigation in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.
2017	4,000.0%	---	
2016	400.0%	5,228.6%	
2015	400.0%	4,863.3%	
2014	1,850.0%	2,028.3%	
2013	2,000.0%	2,296.0%	
2012	2,000.0%	1,831.7%	
2011	400.0%	1,917.7%	
2010	400.0%	2,418.0%	
2009	400.0%	1,035.0%	
2008	400.0%	164.0%	
2007	400.0%	424.0%	

Other Indicators

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took merger enforcement action. (Outcome measure)
 - » FY 2016: \$69.8 billion
 - » FY 2015: \$63.3 billion
 - » FY 2014: \$18.6 billion
 - » FY 2013: \$21.0 billion
 - » FY 2012: \$20.2 billion
 - » FY 2011: \$22.7 billion
 - » FY 2010: \$22.5 billion

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took anticompetitive conduct enforcement action. (Outcome measure)
 - » FY 2016: \$76.0 billion
 - » FY 2015: \$76.1 billion
 - » FY 2014: \$10.9 billion
 - » FY 2013: \$13.1 billion
 - » FY 2012: \$11.7 billion
 - » FY 2011: \$11.6 billion
 - » FY 2010: \$11.7 billion

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

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

- Continue to work to secure the resources necessary to effectively enforce the anti-trust laws to ensure that consumers benefit from the lower prices, higher quality, increased innovation, and expanded choices that competition brings.
- Continue to expand employee development programs to increase the antitrust expertise and investigative, negotiation, and litigation skills of its legal staff through continuous learning and retrospective analysis. Utilize BC’s Training Council to assess legal staff development opportunities and to provide a comprehensive training curriculum to address staff needs.
- Continue to focus on improving the investigative process, including use of improved technological tools and the identification of “best practices” to better manage and coordinate investigations and litigation.
- As in prior years, continue ongoing assessment of premerger notification filing requirements and screening methods to maximize efficiency and effectiveness with an emphasis on reducing the burden on filing parties and antitrust agencies.

Objective 2.2 Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.

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

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act and the historical report-writing activity of its predecessor entity, the Bureau of Corporations. Under this authority, the FTC gathers, analyzes, and makes public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses this authority to enhance consumer welfare by holding public hearings, convening conferences and workshops, conducting economic studies on competition issues of significant public importance, and issuing reports of its findings. The agency uses the information internally to refine the theoretical economic framework for analyzing competition issues and understanding industry practices, and to help the FTC respond effectively to changing marketplace conditions. This information also contributes to a better understanding of business practices and their competitive and economic implications, providing guidance to the business sector, the legal community, other enforcement authorities, the judiciary, and governmental decision makers and policymakers at the federal, state, and local levels.

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

Strategies

- Improve the agency’s understanding of various practices and developments in the marketplace by conducting public hearings, conferences, and workshops that bring together interested parties and conducting economic research on these issues. Utilize the information gathered to inform the agency’s enforcement agenda. Improve the dissemination of material gathered through hearings, conferences, and workshops.

- Target advocacy activities to encourage state and federal government policymakers to evaluate the competitive implications of their existing and proposed policies, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- Increase transparency of the agency’s decision-making by ensuring that the content of complaints, press releases, and analyses to aid public comment explain in sufficient detail and with sufficient clarity the evidence and theory of a case, within the constraints of confidentiality requirements. Expand the use of other public statements to improve the public’s understanding of the FTC’s enforcement policies.

FY 2016 Strategic Objective Progress Update

Progress made

The FTC continued to organize public conferences to advance the agency’s understanding of economic developments and emerging business practices and inform antitrust policy through consideration of diverse perspectives. In FY 2016, the agency hosted three public workshops in broad areas of competition policy including two events on emerging trends in the auto distribution and rooftop solar industries, as well as its Eighth Annual Microeconomics Conference.

The FTC continued to respond to requests for comment from local, state, and federal entities to provide policymakers with a framework to analyze the potential competitive implications of pending governmental actions that may have a major impact on consumers. In FY 2016, staff filed 20 advocacy comments to federal and state regulators, individual legislators, and other organizations. Staff also submitted amici briefs to the U.S. Court of Appeals for the First Circuit (*In re Nexium*), Third Circuit (*In re Effexor XR* and *In re Wellbutrin XL*), Fifth Circuit (*Teladoc v. Texas Medical Board*), and Seventh Circuit (*Woodman’s Food Market v. Clorox*).

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

Challenges or barriers

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

Performance Goals

Performance Goal 2.2.1		
Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues. (Output measure)		
<i>This goal encourages the FTC to use non-investigative tools such as workshops, seminars, conferences, and hearings on significant competition-related issues to benefit consumers.</i>		
Fiscal Year	Target	Actual
2018	4	---
2017	4	---
2016	4	3
2015	4	4
2014	4	4
2013	4	4
2012	4	3
2011	4	4
2010	4	6
2009	4	8
2008	4	5
2007	4	7

Target Not Met

In FY 2016, the FTC held three competition and economics-related conferences.

The agency held two public workshops examining cutting-edge distribution issues during FY 2016. The first, held in January 2016 examined the competitive implications of state regulations on motor vehicle distribution. The Something New Under the Sun workshop held in June of 2016, examined the competition and consumer protection issues raised by consumers growing use of rooftop solar panels as a source of electric power.

The FTC's Eighth Annual Microeconomics Conference, held in November 2015, brought together scholars and leaders from universities throughout the world, other government agencies, and other organizations, to discuss antitrust, consumer protection, and policy issues that FTC economists encounter in their work.

Performance Goal 2.2.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	8	---	In FY 2016, the FTC published reports and working papers on several important topics including: homogenous product market modeling, factors that affect the closure of petroleum refineries, a review of the antitrust economic analyses conducted by the Bureau of Economics, and a report on agreements filed with the FTC under the Medicare Prescription Drug, Improvement, and Modernization Act. The agency also published an annual report on concentration in the ethanol industry and the Hart-Scott-Rodino Annual Report on the premerger notification program and merger enforcement. The Commission also issued a joint statement with the Department of Justice on preserving competition in the defense industry.
2017	8	---	
2016	8	9	
2015	8	9	
2014	8	11	
2013	8	14	
2012	8	9	
2011	8	11	
2010	8	9	
2009	8	20	
2008	8	7	
2007	8	18	

Performance Goal 2.2.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded (FY 2015)
2018	60.0%	---	Twelve competition advocacies were resolved successfully, in whole or in part, in FY 2015. They related to nursing scope of practice, electricity regulation, automobile sales, and anticompetitive conduct by pharmaceutical companies. FY 2016 data is expected in calendar year 2017. *Historical data shown for context.
2017	60.0%	---	
2016	55.0%	TBD	
2015	55.0%	80.0%	
2014	55.0%	93.3%	<ul style="list-style-type: none"> • 66.7% Successful (10 of 15) • 13.3% Partially Successful (2 of 15) • 20.0% Unsuccessful (3 of 15)
2013	55.0%	75.0%	<ul style="list-style-type: none"> • 53.3% Successful (8 of 15) • 40.0% Partially Successful (6 of 15) • 6.7% Unsuccessful (1 of 15)
2012	*	58.8%	<ul style="list-style-type: none"> • 62.5% Successful (5 of 8) • 12.5% Partially Successful (1 of 8) • 25.0% Unsuccessful (2 of 8)
			<ul style="list-style-type: none"> • 29.4% Successful (5 of 17) • 29.4% Partially Successful (5 of 17) • 41.2% Unsuccessful (7 of 17)

Other Indicators

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

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

- » FY 2016: 26 advocacy comments and amicus briefs
- » FY 2015: 17 advocacy comments and amicus briefs
- » FY 2014: 16 advocacy comments and amicus briefs
- » FY 2013: 19 advocacy comments and amicus briefs
- » FY 2012: 18 advocacy comments and amicus briefs

- Percentage of survey respondents finding the FTC's advocacy comments to be "useful." (Outcome measure)

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

- » FY 2016: 83.3%
- » FY 2015: 100.0%
- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: 83.3%

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

- Organize and/or participate in public conferences, workshops, and hearings to enhance the FTC's understanding of various practices and developments relevant to competition in the marketplace.
- Encourage business and consumer participation in these conferences, workshops, and hearings, and continue to make related materials, including transcripts, written submissions, reports, and policy papers accessible to the public.
- Seek local, state, and federal government advocacy opportunities to encourage adoption of policies that maximize competition and consumer welfare by consideration of both the costs and benefits for consumers.
- Review amicus opportunities in the federal courts in cases that may affect competition, and ultimately, consumer welfare.
- Generate reports, policy papers, working papers, and other public documents that synthesize the results of FTC research efforts and, where appropriate, make recommendations regarding actions or policies to promote competition.

- Identify opportunities to expand the use of explanatory public statements to further improve the public’s understanding of the FTC’s decision-making process when the agency elects not to take enforcement action in key matters.
- Maximize the use of all public tools, including press releases, social media, and antitrust blog posts to communicate with consumers and businesses and enhance their understanding of the benefits of competition.

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

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

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

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

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

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

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

Strategies

- Broaden and deepen our cooperation with foreign competition agencies on anti-trust matters that are subject to concurrent review to improve the effectiveness of investigations and promote consistent outcomes.
- Promote policy convergence toward sound and effective antitrust enforcement internationally by working with a greater number of foreign competition agencies, including bilaterally through substantive consultations, written comments, and the provision of technical advice, and, multilaterally, by taking leadership roles in multilateral and regional organizations. Provide technical assistance to countries that are establishing competition regimes. Provide selected foreign officials with an opportunity to work alongside FTC attorneys, economists, and investigators to enhance their capacity to develop and implement sound competition policy and enforcement.
- Work more extensively within the U.S. government inter-agency process and with other domestic government entities to support the FTC's efforts to promote market-based competition, policy convergence, and due process.

FY 2016 Strategic Objective Progress Update

Progress made

To promote and protect free and vigorous competition, the FTC continues to build and strengthen relationships with competition agencies internationally and to work through multilateral fora and with domestic partners to promote convergence toward sound competition enforcement and policy. Progress in FY 2016 included:

- *International Competition Network (ICN)* - The agency: serves as a 2015-2017 Steering Group member; was selected to co-chair the Merger Working Group for 2016-2019, leading projects to develop recommended practices for merger notification and analysis, as well as practical guidance on merger investigative techniques; hosted a Roundtable on the ICN's future and strategic planning; hosted the ICN's 2017 Merger Workshop; played a key role in developing the ICN's practical guide to merger remedies, handbook on market studies, and reports on agency ethics and evaluation and led the ICN project to produce online training materials on competition law and practice.
- *Multilateral Fora* - The agency continued its active participation and leadership in the OECD, APEC, UNCTAD, and Inter-American Competition Alliance, in which it promotes cooperation and convergence. For example, the agency played a key role in developing the OECD Competition Committee's long-term projects and work products on international cooperation and evaluating the impact of competition enforcement, and helped to develop the Committee's new long-term themes on competition in the digital economy and market studies.

- *Improving Case Cooperation and Promoting Convergence* - The U.S. antitrust agencies entered into an antitrust cooperation agreement with the Peruvian antitrust agency, engaged with the European Commission on application of the potential competition theory and geographic market definition in merger review, and organized an informal workshop with staff from the Canadian Competition Bureau (CCB) to share merger enforcement techniques and experience. In the proposed Staples/ Office Depot merger, the FTC and the CCB launched simultaneous challenges and a CCB lawyer was detailed to the FTC to participate in the investigation and litigation. The FTC continued to develop tools, facilitate case cooperation, and engage more frequently in deeper cooperation and coordination on individual matters with foreign counterparts.
- *Relations with Newer Agencies* - Through dialogue with the Chinese antitrust agencies and government and consultation with U.S. stakeholders and other U.S. agencies, the FTC worked to address issues posed by enforcement of the Chinese Anti-Monopoly Law (AML). This year, the FTC expanded its technical assistance programs with India, the Philippines, and Ukraine by placing resident advisors in the agencies and providing hands-on workshops on investigational skills. The resident advisors' work focused on the application of economic analysis in investigations and merger notification procedures. The FTC also conducted competition workshops in numerous countries, including Argentina, Brazil, Chile, Indonesia, Mexico, Pakistan, Saudi Arabia, and Vietnam, along with regional programs for Africa, Central America, Southeast Asia, and Southeast Europe. The programs were funded by the FTC, the United States Agency for International Development, the Commerce Department's Commercial Law Development Program, and the host agencies. The FTC also conducted and oversaw an APEC-sponsored series of workshops on procedural fairness.
- *Working within the U.S. government* - The agency worked with U.S. government colleagues in intergovernmental fora that address competition-related issues, for example as members of the Trans-Atlantic Trade and Investment Partnership negotiating team and as part of the U.S. delegation to the U.S.-China Strategic & Economic Dialogue, the U.S.-China Joint Commission on Commerce and Trade, the OECD interagency working group, and interagency dialogues on competition issues in Korea and the European Union.
- *Revision of the International Antitrust Guidelines* - In light of the growing importance of antitrust enforcement in a globalized economy and the antitrust agencies' increased cooperation with foreign authorities on both policy and investigative matters, the FTC and the DOJ Antitrust Division undertook a project to update and revise the 1995 international guidelines in order to reflect applicable law and the antitrust agencies' current approaches to these issues.
- *State Government Partners* - BC routinely works with states' Attorneys General in its enforcement efforts. For example, ten states and the District of Columbia joined

as co-plaintiffs in the Commission’s successful preliminary injunction challenge of Sysco’s proposed acquisition of rival broadline food service distributor US Foods: California, Illinois, Iowa, Maryland, Minnesota, Nebraska, Ohio, Virginia, Pennsylvania, Tennessee, and the District of Columbia. State AGs also routinely join as co-plaintiffs in the FTC’s hospital enforcement actions.

Challenges or barriers

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

Performance Goals



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)

This goal tracks the number of cases in which foreign antitrust authorities followed consistent analytical approaches and reached compatible outcomes as a percentage of the total number of cases in which the FTC’s cooperation involved at least one substantive contact.

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	95.0%	---	In FY 2016, the FTC had 80 substantive contacts in 46 enforcement matters with counterpart agencies around the world, including in Australia, Belgium, Brazil, Canada, China, the European Union, Germany, India, Ireland, Israel, Japan, Korea, Mexico, South Africa, Taiwan, and the United Kingdom. Those agencies reached compatible outcomes in all of the cases that were completed during 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.
2017	95.0%	---	
2016	95.0%	100.0%	
2015	95.0%	100.0%	
2014	95.0%	100.0%	
2013	90.0%	100.0%	
2012	90.0%	100.0%	
2011	90.0%	100.0%	
2010	90.0%	100.0%	

Performance Goal 2.3.2

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	120	---	In FY 2016, the FTC provided policy advice to foreign competition agencies in 119 instances through consultations, written submissions, or comments. The FTC's policy advice remains highly regarded and sought after by new and experienced competition agencies and by participants in international competition organizations and conferences. The agency also conducted 40 technical assistance missions and hosted twelve officials from foreign agencies as part of our International Fellows Program, in support of the competition mission.
2017	120	---	
2016	120	171	
2015	120	144	
2014	120	161	
2013	70	134	
2012	70	173	
2011	50	139	
2010	50	136	

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

- Support the Bureau of Competition's enforcement by providing effective assistance with the international aspects of its investigations and litigation.
- Maintain the FTC's leadership role in the ICN by participating in the Steering Group and guiding the ICN's strategic direction; leading the ICN's merger work, online training project, and implementation efforts; and helping develop work on unilateral conduct, agency effectiveness, and competition advocacy.
- Enhance the FTC's participation in other multilateral and regional fora, including the OECD, UNCTAD, and APEC, e.g., by helping to develop the OECD's work on competition and the digital economy and on market studies.
- Advance cooperation and convergence with foreign competition agencies by improving cooperation in merger and anticompetitive conduct enforcement and policy, including developing new tools for cooperation and leadership on multi-lateral initiatives.

- Further strengthen relations with competition agencies, including in Argentina, Brazil, Canada, China, the European Union, India, Korea, and Mexico, through dialogue on policy initiatives, case cooperation, and, as appropriate, the provision of technical assistance.
- Work with other U.S. agencies, including bilaterally and in intergovernmental fora, to address appropriate competition-related issues, e.g., with members of the interagency groups that focus on China, Korea, the EU, and the OECD.
- Work with DOJ to publicize the Antitrust Guidelines for International Enforcement and Cooperation.
- Continue the FTC's robust international competition technical assistance program for newer competition agencies.
- Further develop the International Fellows and staff exchange programs.

Strategic Goal 3: Advance Organizational Performance

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

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

Evaluations and Research

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

Performance Management Systems. Additionally, the Equal Employment Opportunity Commission (EEOC) performs technical assistance visits or program reviews.

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

Objective 3.1: Optimize resource management and infrastructure.

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

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

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

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

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

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

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

Strategies

- Improve the effectiveness and efficiency of financial management operations. Over the next five years, the FTC plans to fully integrate its procurement and core financial systems. This complete financial management system will strengthen the agency's internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.
- Improve agency IT services by building redundancy into the FTC's IT infrastructure to support vital services, creating virtual computing environments to consolidate the management and utilization of IT resources, and investing in new technologies to further support the FTC's mission.
- Continue the transition to electronic information resource management through improvements to management of information on FTC's shared network drives.
- Reduction of the agency's energy consumption and promotion of recycling of materials and equipment. Improvements that yield the greatest benefit relative to cost will be incorporated into the development of a new performance indicator.

FY 2016 Strategic Objective Progress Update

Progress made

- The FTC completed a review of essential support activities as part of the required annual review of the COOP Plan that highlighted a new mission essential function. The Federal Emergency Management Agency (FEMA) verified the effectiveness of the COOP Plan and the FTC Emergency Preparedness program at the annual Eagle Horizon exercise in May 2016.
- The Administrative Services Office (ASO) worked with the General Services Administration (GSA) to more effectively configure the agency's leased space in its New York and Cleveland regional offices to provide additional work space and better serve our regional office staff.
- As part of the agency's transition to electronic record-keeping, the Records and Filings Office (RFO) developed additional records management guidance for Bureau of Competition staff and for Contracting Officer's Representatives. Parties in FTC administrative litigation now submit virtually all legal filings through the E-filing system. In addition, nearly all public comments in FTC rulemakings and other proceedings that seek public comment are now filed electronically.

- The FTC finalized its IRM Strategic Plan for FY 2016 - 2019, which provides strategic direction for enhancing IT service performance and proposes initiatives to modernize IT through a large-scale migration to high-availability cloud services.
- In order to determine the root cause of long-term network latency, particularly in the Regional Offices, the OCIO conducted an extensive analysis of the FTC's network architecture. This analysis resulted in the completion of several improvement efforts, including streamlined and simplified network configurations, increased capacity across the FTC network, and the elimination of redundant and unnecessary system components. These efforts led to improved system performance, especially in the Regional Offices.
- The FTC launched a new integrated procurement system called Contract Lifecycle Management (CLM) on schedule in FY 2016. This integrated system created efficiencies between the agency's finance, budget, and accounting groups, as well as provided data reporting capabilities not currently available, such as Procurement Action Lead Time reporting. Integration has eliminated the need for manual tracking in CLM.
- FMO implemented an ERM pilot to develop risk registers for the performance goals under *Strategic Goal 3: Advance Organizational Performance*. The pilot served as a first step towards the formal implementation of ERM throughout the FTC. FMO also issued new policies to improve transparency, efficiency, and effectiveness.

Challenges or barriers

- The FTC needs to improve its IT configuration management practices, particularly its documentation of baseline configurations and technical architecture, to ensure that the impact, security implications and risks of changes to the agency's IT systems are adequately considered.
- To properly understand and anticipate network and system performance issues and to quickly and adequately determine the potential causes of system, the FTC must enhance its IT monitoring capabilities. Integration, rationalization, and configuration of existing monitoring tools must continue to provide a holistic view of the health and security of FTC IT services.
- The FTC must continue to improve its information technology planning efforts to define next steps for improving system performance and availability. While the FTC IT Strategy and Transition Plan provides high-level strategic direction, further planning must occur at the service and system level to determine resource and technology requirements and outline projects and tasks critical to achieve the initiatives in the Strategy and Transition Plan.

- The FTC will need to develop and implement business process changes to effectively utilize the added capabilities provided by systems for managing information in electronic format.

Performance Goals

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

Performance Goal 3.1.1			
A favorable Continuity of Operations (COOP) rating. (Output measure)			
<i>A COOP rating offers insight into agency preparedness across a wide spectrum of issues related to facility and operations management.</i>			
Fiscal Year	Target	Actual	Target Met/Exceeded
2018	75.0%	---	The FTC's overall score for the Eagle Horizon 2016 COOP exercise represents a strong continued and sustained commitment to the FTC Emergency Preparedness Program. The exercise provided an opportunity to test and evaluate continuity procedures and ensure that effective plans are in place in the event of a major event that disrupts the essential functions of the FTC.
2017	75.0%	---	
2016	75.0%	90.0%	
2015	75.0%	90.0%	
2014	75.0%	85.0%	
2013	75.0%	85.0%	
2012	75.0%	90.0%	
2011	75.0%	75.0%	
2010	75.0%	85.0%	

Performance Goal 3.1.2

Availability of information technology systems. (Outcome measure)*

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	99.50%	---	<p>The FTC’s information technology services pool averaged 99.75% availability, exceeding the target of 99.50%. While the target was exceeded, there was a decrease in uptime from FY 2015 to FY 2016. In FY 2016, the OCIO made minor adjustments to the calculation of the system availability metric, including the addition of weighted measurements for high-impact outages. These adjustments provide greater insight into the effect of infrastructure outages on the FTC’s operations.</p> <p>*Note: Results for this performance measure are presented to two decimals because rounding the number materially changes the result.</p>
2017	99.50%	---	
2016	99.50%	99.75%	
2015	99.50%	99.82%	
2014	99.50%	99.98%	
2013	99.50%	100.00%	
2012	99.00%	99.86%	
2011	98.50%	99.82%	
2010	98.00%	99.77%	

Performance Goal 3.1.3

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	<i>Unmodified opinion on the financial statements</i>	---	The agency received a “clean” (unmodified) opinion on its financial statements. The opinion is determined by the independent auditor’s review and test of internal controls over operations and financial reporting and the auditor’s determination that the financial statements and notes are presented fairly.
2017	<i>Unmodified opinion on the financial statements</i>	---	
2016	Unmodified opinion on the financial statements	Unmodified opinion	
2015	Unmodified opinion on the financial statements	Unmodified opinion	
2014	Unmodified opinion on the financial statements	Unmodified opinion	
2013	Unqualified opinion on the financial statements	Unqualified opinion	
2012	Unqualified opinion on the financial statements	Unqualified opinion	
2011	Unqualified opinion on the financial statements	Unqualified opinion	
2010	Unqualified opinion on the financial statements	Unqualified opinion	

Performance Goal 3.1.4

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	6.0 days	---	In FY 2016, the FTC continued to process noncomplex Freedom of Information Act (FOIA) requests in less than six days. This fiscal year, the FTC received and processed more than 100 additional FOIA requests. Despite an increase in the number of FOIA requests received, the FTC exceeded its goal by processing noncomplex requests within an average of 5.9 days. For the fifth consecutive year, the FTC received the highest rating for its FOIA program in the Department of Justice’s (DOJ) 2016 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.
2017	6.0 days	---	
2016	6.0 days	5.9 days	
2015	6.0 days	5.5 days	
2014	6.0 days	5.4 days	
2013	*	7.4 days	
2012	*	5.3 days	
2011	*	1.5 days	
2010	*	8.1 days	

Other Indicators

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

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

- » FY 2016: 37.6%
- » FY 2015: 42.3%
- » FY 2014: 45.9%
- » FY 2013: 49.5%
- » FY 2012: 57.7%
- » FY 2011: 46.3%
- » FY 2010: 58.9%

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

- Review and update FTC COOP Plan to ensure the plan supports the essential functions of the agency. Revise the plan to reflect the new Presidential Policy Directive on Continuity (PPD-40) and the forthcoming update of the Federal Continuity Directive 1.
- Continue to promote and develop a strong working relationship with all staff that focus on Customer Service while adhering to agency policy.
- Identify and implement business process improvements through effective use of technology to facilitate the agency's decision making processes and its management of cases.
- Provide records and information management training and outreach to staff, with special emphasis on managing information electronically throughout its lifecycle.
- FMO completed an Independent Verification and Validation assessment of the FTC's implementation of CLM in early FY 2017. Findings will inform future projects with the agency's shared service provider.
- FMO continues to work with the Interior Business Center (IBC) to meet the May 2017 Data Act requirements. The FTC is an active participant in supporting IBC's enhancements and releases to Oracle Federal Financials to establish the necessary configuration and extract functionality that will allow timely reporting and submission of the required data files.
- Document improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.
- Continue with the implementation of ERM in accordance with agency policy.
- Continue to develop an agency-wide information governance policy to support efficient management of electronic information with appropriate access restrictions.
- Review and update the processes by which it manages information on shared network drives. The FTC maintains administrative, mission and policy files, including federal records, in electronic format on shared network drives. The FTC will explore improvements to file and records management on shared network drives, as well as improved search capabilities.
- Implement the final rule, recently issued by the National Archives and Records Administration (NARA), that establishes uniform executive-branch wide standards for designating, handling and decontrolling Controlled Unclassified Information (CUI) information, including in electronic format, that does not qualify as classified information, but that a law, regulation, or Government-wide

policy requires or permits an agency to handle using safeguarding or dissemination controls.

- Modernize the FTC’s information and communication technology infrastructure through a redesign of the network architecture and replacement of aging equipment, with particular attention to simplifying Regional Office connectivity and enabling IT modernization.
- Increase the resiliency and availability of core IT services through increased redundancy and expanding operation of the FTC’s alternate data processing facility.
- Develop service-level strategies to improve performance, increase availability, ensure alignment with the FTC’s Strategic Plan, and detail resources, activities, and projects to modernize core IT services.
- Update the FOIA and Privacy Act Handbook to provide greater transparency with how the FOIA is administered at the FTC and to conform with the FOIA Improvement Act of 2016.

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

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

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

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

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

Strategies

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

FY 2016 Strategic Objective Progress Update

Progress made

- Expanded human resources recruitment flexibilities to include new and improved hiring methods and practices.
- Updated and expanded Law Clerk and Attorney Qualification Standards and Promotion Policy to allow for greater promotion flexibilities for Bureaus and Offices. Final Policy published August 2016.
- Developed FTC Phased Retirement policy and communications plan to provide for optimal succession planning for the agency. The policy is in the final stages of development to be rolled out in the second quarter of FY 2017.
- Expanded FTC's Pathways Program to include the recent graduates and presidential management fellows components, along with FTC Interns for critical entry-level positions. The policy was rolled out in the first quarter of FY 2017.
- Expanded recruitment and outreach efforts for FTC economists by targeting each of the Top 100 colleges and universities for economists in the country by informing the department heads and graduating PhD students of employment opportunities. HCMO also reached out to 20 Historically Black Colleges and Universities to personally solicit applicants for vacancies. The Bureau of Economics was able to hire four outstanding candidates because of these efforts.
- Established relationships with professional associations as recruitment contacts for various positions in BC and the Office of Inspector General, including the Association of Certified E-Discovery Specialists, Council of the Inspectors General, and Litigation Support Today. HCMO also provided a list of diversity associations for entry-level law support positions to managers in BC.

- Established transparency in Leadership Development by providing comprehensive employee programs and training.
- Facilitated Reasonable Accommodation training sessions to provide supervisors and managers with the skills and resources necessary for processing reasonable accommodation requests and fostering an inclusive environment. Provided guidance and practical application for acknowledging and responding to requests through the FTC Reasonable Accommodation process.
- Results of OPM's 2016 Federal Employee Viewpoint Survey (FEVS) for the FTC continue to show improvement in major survey categories. The FTC has the top scores for all sub factors and the overall Employee Engagement Index among Medium Agencies for the survey at 82%. The FTC also leads all Medium Agencies with the top New IQ score in 2016 with a score of 75%. The FTC leads all other similar sized agencies with high scores in each Habit of Inclusion, with the exception of the Supportive score, where it posts the second highest score. The greatest increases for Medium sized agencies is led by the FTC and the NARA, both increased by five percentage points since 2015.

Challenges or barriers

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

Performance Goals

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

Performance Goal 3.2.1

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

Fiscal Year	Target	Actual	Target Met/Exceeded	
2018	<i>Within the top 10 of mid-size agencies</i>	---	Compared to 26 other departments and agencies with 1,000 to 14,999 permanent employees, the FTC ranked 5th.	
2017	<i>Within the top 10 of mid-size agencies</i>	---		
2016	Within the top 10 of mid-size agencies	Ranked 5th		
2015	Within the top 10 of mid-size agencies	Ranked 4th		
2014	Within the top 10 of mid-size agencies	Ranked 4th		
2013	*	Ranked 4th		
2012	*	Ranked 5th		*New performance goal in FY 2014. Historical data shown for context.

**Key Performance Goal 3.2.2**

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	---	The government-wide result for the Talent Management Index was 58.0%; the FTC scored 74.0%.
2017	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	---	
2016	58.0%	74.0%	
2015	57.0%	72.0%	
2014	55.0%	70.0%	
2013	56.0%	69.0%	
2012	59.0%	70.0%	
2011	60.0%	70.0%	
2010	60.0%	72.0%	

Performance Goal 3.2.3

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index</i>	---	<p>The government-wide result for the New IQ Index was 58.0%; the FTC scored 75.0%.</p> <p>The FTC ranked number one among medium size agencies (1,000 to 9,999 employees) on the New IQ Index.</p>
2017	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index</i>	---	
2016	58.0%	75.0%	
2015	57.0%	70.0%	
2014	56.0%	68.0%	

FY 2017 – 2018 Next Steps and Future Actions for Strategic Objective

- Promote improving diversity and encouraging inclusion.
 - » Partner with hiring managers to deploy recruitment and outreach strategies to attract a diverse workforce.
 - » Educate managers to increase awareness of/ and create an inclusive work environment that promotes employee engagement.
- Equip managers and employees to successfully embrace change in order to drive organizational success and outcomes.
- Leverage technology.
 - » Implement HR information systems to improve and advance agency HR processes.
 - » Empower managers and employees through use of automated systems and processes (i.e., personnel actions, onboarding).

- Promote and expand the use of human resources flexibilities throughout the FTC.
- Continue to provide proactive consultation services on human resources issues to managers, supervisors, and employees, through direct consultation, classroom sessions, brown bag sessions, webinars, notices to employees, and the agency's newsletter (FTC Daily).

Other Information

MAJOR MANAGEMENT PRIORITIES AND CHALLENGES

The GPRA Modernization Act of 2010 (GPRAMA) and OMB Circular No. A-11 require agencies to describe their major management priorities and challenges and identify planned actions to address them. In this section, the FTC describes progress made on FY 2016 management priorities and planned actions to support FY 2017 management priorities. Following the section on management priorities is a description of the OIG identified management challenges and the agency official responsible for addressing them. The management challenges and the agency response provided in this section were previously published in the agency's FY 2016 AFR. Agency milestones to address these challenges also are included.

FY 2016 Management Priorities

In FY 2016, the FTC's management priorities were incorporated into *Strategic Goal 3, Advance Organizational Performance* under *Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce*, which focuses broadly on ensuring we have the right talent in the right positions at the right time. A key priority for the agency is to foster a community of innovation, continuous learning, and growth for all employees. The following actions were taken to support this priority:

- *Partnership for Public Service Leadership Development Program* - The Commission again partnered with the Partnership for Public Service in a leadership development program. The FTC recognizes the need to identify a cadre of high-performing individuals and develop their skills as our future supervisors, managers, and leaders. The program serves as an important succession planning tool to fulfill the FTC's future mission requirements and provides an exceptional professional development opportunity for employees.
- *Leadership Framework* - The agency implemented a Leadership Framework to assist employees at the different levels of leadership (managing self, team lead, supervisor, manager, and executive) to develop the competencies needed to effectively operate at each level. The courses and books associated with those competencies are available on the agency's Learning Management System, at no cost, for all employees to utilize. This tool was developed in an effort to assist employees to develop and strengthen their leadership skills and help the agency cultivate its current and future leaders.
- *BCP and BC Mentoring Programs* - BCP and BC have focused attention on the continuous development of their employees through their mentoring programs

open to all BCP, BC, and regional office employees. The programs create an environment in which unique skills and perspectives that each staff member brings are recognized and valued; diversity is fostered; and excellence, innovation and risk-taking are promoted. The Mentoring Programs provide significant opportunities to build and share organizational knowledge and expertise by capitalizing on the experiences of successful individuals who are committed to the development of a high performance work force. The Bureaus continuously evaluate their mentoring programs to ensure a meaningful experience for each participant. BC and BCP also have in-house training programs that, like the mentoring programs, leverage the talent and experience of the agency's existing human capital to identify appropriate programs and develop content.

- *Office of the Executive Director (OED) Mentoring Program* – OED's mentoring program is in its fourth year, and has received very positive feedback from both mentors and mentees. The program is structured to provide mentees with the opportunity to: 1) accelerate learning about the OED and the FTC's culture and processes; 2) establish professional relationships for ongoing career development; 3) develop an organizational, rather than departmental, perspective and thereby develop a stronger connection to OED; and 5) more fully develop their talent and potential.

FY 2017 Planned Management Priorities

The FTC's management priorities directly align to and support *Strategic Goal 3: Advance Organizational Performance* and the strategic objectives 3.1 *Optimize Resource Management and Infrastructure* and 3.2 *Cultivate a High-Performing, Diverse, and Engaged Workforce*. The five priorities below include active projects and metrics identified to ensure continued progress and to track results.

- *OED Employee Experience & Talent Management (EE&TM)* focuses on leading, managing, and developing people. The FTC will work to recruit, retain, and develop, a highly motivated, engaged, and successful workforce. In FY 2017, OED will continue to track goals related to employee satisfaction and engagement, diversity and inclusion, training, and telework.
- *Customer Experience & Service (CE&S)* focuses on customer satisfaction with the services OED offers. In FY 2017, this priority will be measured by an OED Customer Satisfaction Survey and action plans will be developed to address challenges and opportunities identified in the survey.
- *Risk Management and Internal Controls (RM&IC)* helps to maintain effective and robust ERM practices. In FY 2017, offices will participate in the ERM planning and implementation process, including the identification of risk measure triggers and risk management strategies to be implemented when trigger events occur for risks identified.

- *Delivering Core Services & Operations* ensures that key services have defined service levels, that mechanisms are in place for measuring performance against service levels, and that overall service levels are achieved. In FY 2017, OED launched an internal electronic catalog of key services internal to the agency. The catalog serves as a one-stop-shop for information about the services OED provides, including key contacts and a mechanism to provide service owners with ongoing feedback.
- *Delivering High Priority Projects & Initiatives* ensures that high priority projects and initiatives are included in OED's work plan along with estimates of required resources, milestones, and an explanation of importance. In FY 2017, 75% of projects with approved baselines are expected to be successfully completed.

OIG MANAGEMENT CHALLENGES

The OIG identified four management challenges in FY 2016. The challenges and the agency response in meeting the challenge are provided as published in the FY 2016 AFR. Milestones were added for this publication.

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

Responsible Official: Executive Director, Office of the Executive Director

Protecting information assets is an ongoing and complex challenge for the FTC. Information the FTC routinely acquires and must protect is increasing in volume and scope, and threats are becoming more numerous and pervasive. The FTC cannot effectively accomplish its mission if industry and the public do not have confidence that the FTC can protect proprietary information, personally-identifiable information, and other sensitive non-public information entrusted to its care.

The FTC OIG assists by assessing FTC information control procedures, including its annual FISMA evaluation of FTC information security and privacy programs. These assessments provide management with an independent, high-level determination of the FTC's ability to protect its information assets; securely and cost-effectively acquire, implement, and manage modern technologies; and maintain a skilled workforce versed in technology and the need to protect information assets.

Over the past three years, OIG FISMA evaluations have reached the same conclusions: FTC security and privacy programs are sufficiently comprehensive to protect the confidentiality, integrity, and availability of FTC information assets; the FTC responds quickly to mitigate identified specific vulnerabilities and threats; and FTC staff recognize and value information security and privacy.

The OIG FY 2015 FISMA evaluation used the new Department of Homeland Security (DHS) guidance that provided information security "maturity model" criteria developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The CIGIE model assesses agency establishment of security performance metrics and con-

tinuous monitoring of those metrics, i.e., an Information System Continuous Monitoring (ISCM) process. Continuous Monitoring Management is a critical FISMA metric because it has the broadest coverage scope and includes the foundation elements of effective information security and privacy control, assessed in three model domains (People, Processes, and Technology) at five maturity levels (1-Ad-hoc, 2-Defined, 3-Consistently Implemented, 4-Managed and Measurable, and 5-Optimized). In the FY 2015 FISMA assessment, the OIG determined that the FTC meets the criteria for Maturity Level 2-Defined. That means that the FTC has formalized its ISCM program through the development of comprehensive ISCM policies, procedures, and strategies, but the agency does not consistently apply those policies, procedures, and strategies.

The FTC is in the process of implementing controls that are assessed by the maturity model, such as increasing the level of staff training to improve the consistency and reporting of security and privacy activities, and ensuring controls are documented, measured, and repeatable.

The components of the ISCM and the FY 2015 FISMA assessment underscore the need for the FTC to maintain information privacy and security programs that are continuously evolving and maturing to address changes in threats and mission objectives.

The FTC corrects security and privacy weaknesses as staff become aware of problems. This approach is characteristic of Level 2 maturity within the IT Security Maturity Model, where weakness identification is more likely to result from staff observation than from automated analysis techniques. The FTC is taking action to improve its capabilities to monitor project status as part of its governance procedures. In its FY 2015 FISMA evaluation, the OIG recognized the improvements taking place but continued to advocate for control monitoring and management improvements that increase management's security and privacy oversight while reducing costs through an evolving Continuous Monitoring Management system.

Agency Progress in Addressing the Challenge

The agency's recently finalized IT Strategy and Transition Plan calls for extensive changes to the FTC's IT environment, such as improving IT security through effective and measurable cybersecurity practices. The plan further details the need for more security-driven performance metrics and increased continuous monitoring to align with the key principles of IT security as stated in NIST's Standards for Security Categorization of Federal Information and Information Systems: confidentiality, integrity, and availability. While the IT Strategy and Transition Plan sets forth various future targets in IT security and privacy, OCIO has continued to evolve in the areas of system and network security and availability throughout the past year.

A critical first step in enhancing both the security of FTC systems and the quality of the IT services provided was improving network performance through simplifying configurations to access the infrastructure. For a number of years, the FTC's IT infrastructure has struggled with network latency and inconsistent end-user experience, especially

in the FTC's Regional Office locations. An assessment of the FTC's network revealed complex, redundant, and inefficient configurations, many of which caused latency and increased login and authentication times for end-users. A number of these configurations were undocumented and little justification or reasoning existed for the changes. Over the course of fiscal year 2016, OCIO has implemented numerous changes to the FTC network to improve performance, including decommissioning of unused or duplicative systems across the network, standardization of authentication protocols, reprioritization of network traffic, elimination of redundant data encryption, and configuration changes to the agency's network firewall.

As part of the network improvement project, the OCIO began a regular review of system configurations, performance, and event management data. In late 2015, the OCIO instituted weekly operational status meetings to review system performance and configuration data with discussion of deviations and anomalies in system performance and open security vulnerabilities. These discussions led to greater visibility across the OCIO into potential causes of network performance degradation and the need for automated alerts and improved system monitoring. The OCIO is continuously working to improve its capabilities in automated reporting of system and network performance, using tools such as Solarwinds.

To build on the progress made under the network improvement project, the OCIO is preparing a revamp of its IT Configuration Management program. The final product of this new configuration management program will be documented system baselines and a process for ensuring all changes in configurations are properly reviewed for potential security and performance risks, documenting the decision and the actions taken to implement the changes, and updating documentation to reflect the new system configurations. This change in process will allow the FTC to manage its system configurations more effectively, which in turn will further secure the network, increase efficiency of operations, improve user satisfaction, and provide increased documentation of, and governance over, changes in critical IT systems.

In response to previous FISMA recommendations to improve documentation of security controls and assessments, FTC is streamlining its management of security documentation through the implementation of Department of Justice's Cyber Security Assessment and Management (CSAM) tool. The FTC's investment in CSAM provides a suite of integrated tools that enable effective FISMA compliance through on-demand access to security control and system documentation in a secured shared-service environment. Information System Security Officers and system owners update their security documentation on a regular basis within the CSAM system, providing a central repository for critical security documentation, such as System Security Plans (SSPs) and Plans of Actions and Milestones (POAMs). The CSAM application was fully implemented in August of 2015. FTC continues to train staff and define FISMA systems and security controls.

In fiscal year 2016, the FTC continued to develop IT governance practices and procedures as it relates to information security and privacy, as recommended in the FY 2014 FISMA evaluation. During fiscal year 2016, the OCIO presented the agency's progress against Cross-Agency Priority (CAP) goals to the IT Business Council and IT Governance Board, providing an overview of the FTC's IT security posture. These materials offer the governance program members insight into the agency's strengths and weaknesses in IT security and furnish information needed to make informed decisions about investments and projects with security and privacy concerns. Additionally, the inclusion of privacy and security risk detail in the submission of IT business cases in support of IT investments, beginning in 2015, further integrates security and privacy with the IT Governance Program.

Even though recent FISMA evaluations offer positive feedback on the FTC's ability to defend information and systems against potential threats and vulnerabilities, FTC continues to research and evaluate new ways to strengthen its cybersecurity posture and keep abreast of emerging threats and security challenges. During fiscal year 2016, FTC executed its first phishing simulation exercise, in which FTC employees received a system-generated email requesting personal information or asking users to click a suspicious link. These training exercises reinforce the principles of IT security and privacy that all FTC employees should follow to protect information and IT systems. FTC also continues to improve information security through the implementation of two-factor authentication using the PIV card. Toward the end of fiscal year 2016, FTC implemented a limited release of PIV authentication to the FTC network, including the mandatory use of two-factor authentication for privileged users, such as system administrators. The FTC aims to expand the use of two-factor authentication to require mandatory PIV card login for all FTC users by the end of fiscal year 2017.

Key Milestones to Address this Challenge:

- Q2 FY 2017 - Revise policies and procedures to be compatible with Personal Identity Verification (PIV) Card issuance for logical access and identity management for FTC users.
- Q4 FY 2017 - Require mandatory PIV enabled authentication for logical access.
- Q1 FY 2018 - Develop plans for further integration of PIV Card Authentication.

Challenge Two: Accelerating Maturity of the Agency's Information Technology Governance Process

Responsible Official: Executive Director, Office of the Executive Director

In executing its core missions to promote competition and protect consumers, the FTC generates, receives, and stores large volumes of information. For example, the agency obtains a large volume of proprietary information through its law enforcement investigations, and the agency hosts a national repository of consumer complaints. The FTC depends upon the availability, confidentiality, and integrity of its information systems

to complete its missions, protect its information assets, and protect the privacy of individuals whose records are in FTC systems.

At the end of FY 2011, the FTC chartered an IT Governance Program with three governance boards to improve the planning, monitoring, and risk mitigation associated with its information systems. The Governance Program provided a formalized structure for inclusion of FTC Bureaus in IT planning and investment analysis. Although the governance structure was an improvement, its focus was on management of the investment and not on management of risk associated with those investments.

The FTC has improved its IT governance procedures to address increasing threats, changes in government-wide policy and guidelines, and constrained budgets. As reported in the OIG independent FISMA evaluations for FYs 2012, 2014, and 2015, the FTC improved its governance policies, procedures, and technical guidance and expanded its use of Capital Planning and Investment Control (CPIC) and investment analysis techniques to provide consistent planning, oversight, and risk-based decision-making of its IT investments. Further, IT Governance Board members are more proactive, raising security and system performance concerns in materials submitted for review and requiring assessments of risk and alternate solutions to technology advances and challenges. For example, in recognition of the enterprise-level impact of even minor FTC IT projects, the Governance Board now identifies reputational risk as a critical potential impact from a system compromise or failure, and investment risk is now a criterion for determining whether an investment or project is subject to Governance Board review and oversight. Moreover, under current FTC governance procedures, an investment or project with a high risk of an adverse impact from a security breach is subject to Governance Board oversight, regardless of cost.

a. Integrating Acquisition Planning and Project Execution in Accordance with the Federal Acquisition Regulation and FTC Policy Requirements

The OIG FY 2015 FISMA review identified opportunities for further maturing IT governance practices:

- The Governance Boards are, as part of their authorized responsibilities, making decisions that affect the planning and execution of proposed and ongoing investments/projects. The FTC should improve documentation for these decisions so that they clearly communicate (to an individual who was not a participant in Governance Board discussions) the elements of the decision, including its scope, rationale, and associated risk.
- Approved projects/investments may encounter problems during execution that result in unanticipated delays, cost overruns, or performance issues (e.g., the electronic Discovery Support System (eDSS) for litigation support). The FTC Governance Process does not yet have a process for identifying projects that experience difficulties in performance and escalating those problems for higher level management review and resolution. The FTC should establish escalation

processes that automatically identify projects that are outside established performance criteria for higher-level management review, such as a TechStat or other less formal problem status assessment.

- FTC IT operations must adhere to a variety of government-wide law, policy, standards, guidelines, and best practices. Direction regarding these various documents may originate from one or multiple entities. For example, FISMA compliance must take into account the FISMA statutory guidance as well as policy and other guidance originating from the OMB, National Institute of Standards and Technology (NIST), DHS, NARA, and GSA. A recent example of multiple sources of guidance is the CUI program, which started eight years ago as an approach to facilitate secure sharing of unclassified terrorist information. However, with the promulgation of a Final Rule in September 2016, the program has evolved into a government-wide effort that will require a substantial resource commitment for FTC compliance, especially in the areas of labeling and marking current and legacy information. The FTC's monitoring of potential CUI requirements was principally focused on the legal aspects of the program originating through NARA and not on the operational impacts identified in NIST guidance, which originated in a dual track that included both NARA and NIST. Thus, the FTC is only now analyzing the operational impact of this new program. To avoid future instances where FTC must make substantive operational changes, the Governance Program should include procedures where pending government-wide changes are provided to the Governance Boards so that the potential operational impact of the change may be identified, discussed, and if necessary, action taken, particularly in the context of major planned acquisitions likely to be affected by new requirements.

Other OIG evaluations demonstrate that the FTC must integrate both the acquisition planning and information technology elements of the Federal Acquisition Regulation (FAR). FAR Part 7 includes a description of the acquisition planning to be used in supporting the acquisition of goods and services. FAR Part 7 also includes references to FAR Part 39, which specifies requirements for acquisition of information and information technology under guidance and authority of the Chief Information Officer.

In several reviews over the past five years, including the annual FISMA evaluations, the OIG identified the failure to follow FAR and OCIO acquisition policy in the course of acquisition planning as a root cause of cost increases and delivery of products and services that failed to meet FTC business and operational needs. Had the FTC adhered to the FAR and OCIO Acquisition Strategy requirements for an Acquisition Plan, the risk of accepting poor performing products would have been reduced. For example, in its recent evaluation, *Opportunities Exist to Accelerate Maturation of FTC Information Technology Governance Practices*, the OIG provided close analysis of two projects, each with a high impact on the FTC mission and the day-to-day activities of its work force and contractors: its e-Discovery Support System (eDSS), which provides tools and techniques for review of significant amounts of electronic data in support of litigation

activities; and its Messaging Infrastructure Project, which was to replace and upgrade the FTC's Blackberry devices with mobile "smart phones."

Our assessment showed that in approving the eDSS project, the FTC elected to eliminate a Return on Investment analysis, a discussion of project milestones and performance criteria, a discussion of the impact on operational use where system support is provided from outside the United States, and a discussion of the impact of deferring development of performance criteria until after contract award -- all elements of an Acquisition Plan.

These reviews demonstrate that the FTC should closely adhere to the acquisition planning process called for in the FAR and by the agency's OCIO Acquisition Strategy. A significant first step has been taken as the FTC is now including representatives of the Chief Acquisition Officer in significant acquisition planning efforts. This should be followed by guidance that allows the content of specific acquisition plans to be tailored based on acquisition complexity, size, and risk and where failure to meet either acquisition milestones or performance criteria are elements of a problem escalation process to the Governance Board.

b. Integrating a Tailored Insider Threat Program into Governance Board Processes

The FTC's planned actions to implement the new CUI Rule present an opportunity to extend the FTC's insider threat program to sensitive but unclassified holdings. The FTC has minimal holdings of or access to classified information, but does have substantial volumes of highly sensitive information about individuals, businesses participating in government programs, and individuals and businesses that submit confidential and proprietary information in regulatory filings. These holdings include consumer complaints, judicial filings, discovery databases, competition merger filings, and other administrative and security information. Inadvertent or deliberate disclosure of such information could cause severe damage to consumers, litigants, regulatory filers, and others.

Previously, FTC protected its sensitive information holdings as "non-public." The non-public designation is now subject to protection under the CUI program that includes general control requirements for information identification and safeguarding as well as protection under specific statutes.

The FTC is considering opportunities to establish an insider threat program that addresses all of its information holdings. Extending its insider threat program to all sensitive holdings follows guidance from NARA and NIST to establish and maintain consistent, risk-based information protection programs across an agency.

Management's planned focus on insider threats is well placed and should be a high priority. To effectively safeguard CUI from insider threats, the FTC should consider expanding its insider threat program to the full scope and range of the FTC enterprise. An enterprise risk focus is consistent with the NIST principles of enterprise risk management and guidance espoused in the recent revision of OMB Circular A-123,

Management's Role in Enterprise Risk Management and Internal Control (July 2016). Such an effort would also complement recommendations in the OIG's FY 2012 and 2013 FISMA evaluations that urged use of a governance-based capability (such as an analytical software tool) to permit analysis of incident/trouble reports. A governance-based approach to build a tailored insider threat program could meaningfully add to the FTC's information security and privacy protections, as well as risk mitigation.

The FTC is accelerating its introduction of new technologies and use of existing technologies in new ways to keep pace with increasing demands for technological support to satisfy mission objectives; comply with changes in government-wide policy; and increase support reliability while constraining costs. The FTC will need to continue to mature its governance practices to ensure IT projects/investments have a high probability for successful performance with minimum risk.

Agency Progress in Addressing the Challenge

OCIO, in conjunction with agency leadership, took steps toward maturing the agency's IT governance process during fiscal year 2016. In November 2015, the Chief Information Officer (CIO) established a Risk and Policy Management division within the OCIO to focus on the areas of risk management, policy and procedure, and governance. Since the inception of this organization, the OCIO has made great strides in advancing the agency's IT governance program and increasing the visibility of risks and issues associated with the agency's IT programs and systems.

The first major accomplishment was the development of an updated governance program charter. In the updated charter, the roles and responsibilities of the governing bodies, the Information Technology Council, IT Business Council, and IT Governance Board, were better defined. Additionally, the new charter improves the governance process through the integration of risk management principles. Incorporating risk management into the governance process ensures the members of the governing bodies are able to make well-informed decisions, considering all risks, including security, privacy, technology, procurement, and human capital risks. The OCIO is working to finalize the charter and ensure alignment with best practices in IT governance, risk management, and capital planning and investment control, with a target completion date of March 2017.

To ensure the governing bodies have insight into project risk and issues, the OCIO expanded the use of the TechStat process. Before the end of FY 2016, OCIO presented TechStats to the governance boards on numerous mission-critical IT investments, including network modernization, disaster recovery, remote access, e-discovery, and the mobile device program. Through the TechStat process, the governing bodies are able to have visibility into variances in cost and schedule, technical challenges, and project risk.

The finalization of the agency's IT Strategy and Transition Plan will support further improvement in the areas of IT governance and planning. The Plan establishes a two-year roadmap for modernizing the agency's information technology portfolio, proposing a

target architecture with a focus on high availability cloud environments, increased mobility, and greater emphasis on mission IT needs. This roadmap is broken into a detailed list of projects and initiatives needed to meet the objectives set forth in the plan and acts as a definitive list of potential IT investments for the next two to three years. Both the IT Business Council and IT Governance Board have reviewed and provided feedback on the Strategy and Transition Plan and are in full support of the initiatives and projects proposed. The OCIO is currently reviewing all active projects and potential investments to ensure those projects align with the Strategy and Transition Plan, and those projects that do not align will be reevaluated, de-scoped, or terminated

The OCIO continues to make improvements to the governance process in preparation for fiscal year 2017. In the future, OCIO will continue to review the IT governance process and recommend changes to better align the process with the budget cycle, integrate privacy and security, and provide increased control and oversight over investments regardless of cost, as well as operational spending, acquisition planning, and enterprise-wide portfolio analysis. The OCIO is in the initial stages of developing a portfolio management program, beginning with the development of high-level IT portfolios (service domains) and programs (service categories) and the assignment of Service Category Managers to each of those areas. The Service Category Manager (SCM) will be responsible for the successful execution of projects and initiatives within the service category and will have greater autonomy over the alignment of resources to individual services and projects. Starting in FY 2017, the OCIO will align both budgetary resources and FTE resources to the service categories established to inform decision-making at a higher, more holistic level, instead of focusing on individual investments. Each service category will have its own program-level plan that aligns with the IT Strategy and Transition Plan to ensure sufficient acquisition planning, requirements analysis, and risk assessment takes place.

Additionally, OCIO is working to build performance metrics associated with each service area so OCIO leadership and governance board members can make informed decisions about investments needed to improve performance and customer success. Another initiative underway in the OCIO is the development of a new program and project management structure. The newly established Vendor and Program Management division is leading the effort to strengthen program and project management through increased documentation, data-driven project decision-making, greater project oversight from the OCIO leadership, and alignment with the IT Strategic and Transition Plan. To address the integration of acquisition planning with the governance process, FTC will update the IT business case analysis (BCA) template to include acquisition-planning elements as described in the Federal Acquisition Regulation (FAR).

Insider Threat Program

While the FTC's Insider Threat Program (ITP) focuses on the protection of classified materials, the Commission has long placed great importance on its mandate to protect CUI from insider and other threats and strives to regularly update and adjust its prac-

tices to ensure the security of all non-public data in its control. Under the FTC Act, FTC employees who disclose non-public information, without authorization, are subject to possible criminal prosecution. Moreover, the FTC has adopted an extensive framework of protections for sensitive, but unclassified information held by the agency. This framework includes documented internal policies and procedures concerning safeguarding sensitive personally identifiable information.

As part of this ongoing effort to protect the non-public information in its possession, FTC staff is reviewing the rule just issued by the NARA regarding the handling of CUI, see Final Rule, Controlled Unclassified Information, 81 Fed. Reg. 63324 (Sept. 14, 2016). As part of this process, the Commission will entertain the OIG's recommendation to consider expanding the scope of the agency's insider threat program, and how the agency might leverage its insider threat program to protect CUI.

The ITP requires an implementation plan to gather, share, integrate, identify, and report relevant insider threat information from offices across the agency, including security, information security, and human resources. FTC plans to implement the ITP in phases, and will identify staff responsible for planning, implementing, and operating each element. FTC has already established a multi-office working group, chaired by RFO and that includes the Chief Privacy Officer, the Chief Information Security Officer, representatives from Physical and Personnel Security, the Office of General Counsel, and others, to develop plans to implement the requirements of the final CUI rule and consider the implications these changes will have on the ITP.

FTC's Privacy Office will work to ensure a balance between a robust and effective ITP, using NIST's risk management framework analysis, and the privacy rights of FTC employees under the Privacy Act and other federal laws. Staff training is critical, and a web page of materials to educate FTC staff about insider threats will be launched on FTC's intranet in December 2016. Also, OCIO is revising the Risk Management and Governance policy to require that systems that may include CUI be identified as such. Additionally, OCIO's FISMA policies will be revised to ensure that the control requirements of the CUI program, as identified in NIST security special publications, are taken into consideration when planning for systems and selecting information safeguard controls. OCIO will review capabilities for CUI marking and metadata analysis, and verify and validate that potential technology acquisitions, when feasible, address these requirements. OCIO currently logs bandwidth utilization and reviews the logs on a monthly basis looking for any anomalous file transfer amounts that might indicate an exfiltration of data out of the Commission. OCIO, in consultation with others, will also review its ITP and data loss prevention capabilities and recommend solutions to enhance our capabilities in both areas. RFO will, among other things, continue to monitor NARA and NIST CUI program activities and alert agency officials of changes that affect the agency's approach to managing CUI on its systems.

Key Milestones to Address this Challenge:

Part a

- Q2 FY 2017 - Establish portfolio review criteria.
- Q2 FY 2017 - Finalize the risk management and governance charter.
- Q3 FY 2017 - Establish the project escalation process.

Part b

- Q3 FY 2017 - FTC's CUI/ITP working group will decide whether to recommend to the Acting Chairman that the FTC expand its ITP to protect CUI.

Challenge Three: Improving Acquisition Planning and Contract Management

Responsible Official: Executive Director, Office of the Executive Director

The FTC continues to rely on contract support to meet its goals and objectives. In FY 2015, the FTC obligated approximately \$60 million – or about 20 percent of its FY 2015 appropriation – for contracts for goods and services. Effective contract management is essential to ensure that the FTC obtains the quality goods and services it needs with expected quality performance, and that it receives goods and services on schedule and within contracted prices.

For more than five years, the OIG has identified deficiencies in IT acquisition planning, project management, and contract management. For example,

- The FTC Data Center project known as Information Technology Architecture Release 1 (ITA-1) deficiencies resulted in a special OCIO initiative to research and attempt to mitigate the deficiencies and acquire a new infrastructure support contractor;
- Performance and capability issues in the electronic discovery platform (eDSS) obtained to provide litigation support IT capabilities did not provide the anticipated capability, reliability, or scalability needed, resulting in continuation of legacy systems that had been planned for retirement, special efforts to try to diagnose and remedy identified deficiencies, and use of alternative products that could provide needed capabilities; and
- A contract for Targeted Reviews to conduct analyses and develop reports to help the OCIO in their strategic planning efforts that resulted in the generation of unnecessary reports, where the OCIO staff served as contractor resources to develop required reports while maintaining their own workloads.

OIG analyses showed that defective acquisition planning and weaknesses in contract management contributed toward these contract failures. Effective contract management is a function of a properly constructed contract; consistent, product/user focused per-

formance reporting; and a trained Contracting Officer's Representative (COR) with the resources necessary to monitor contractor performance and address poor performance.

In FY 2016 the OIG completed several reviews of the FTC's efforts to address the long-standing challenge to adequately provide qualified COR support. For example, in our evaluation of the OCIO, the OIG identified shortfalls that increase the agency's risk for poorly performing IT contractors and vendors, resulting in undelivered or delayed capabilities and functionality, and performance challenges that jeopardized mission success. A key finding was that the FTC has not been successful in recruiting, training, retaining, and supervising CORs. For example, we found that OCIO employees who serve as CORs may be assigned as many as 15 individual contracts and often lack project and contract management skills; OCIO did not provide guidance to address situations where requirements expanded beyond contract limits ("scope creep"); and the FTC did not provide guidance or support to CORs to enable them to properly manage or modify contracts that did not specify proper performance metrics, and did not define the process for collecting or measuring performance against objectives.

The adverse impacts of IT problem contracts are not consistently reflected in performance metrics. For IT contracts, the FTC typically used metrics that monitor performance (e.g., availability and system down-time) for individual components and not the service levels provided to end-users. Component-focused metrics often result in higher performance levels than experienced by the end-user. This places the CORs in a situation where they cannot effectively address user performance complaints - a situation that increases stress on both the COR and the end-user.

CORs with inadequate contract management training and skills also have an increased potential to overlook issues that are critical to proper contract management. For example, the OIG received complaints that some CORs might not be retaining emails in contravention of federal regulations and FTC records management policies; non-COR FTC staff were directing contractor performance; and some CORs may not be properly documenting poor contractor performance, precluding potential remedial contract action. The FTC should staff and train FTC CORs so they can effectively monitor contractor performance and ensure that the FTC receives the quality goods and services they need in accordance with contract costs and schedules. FTC should ensure that contracts include provisions for providing performance metrics that effectively support COR responsibilities, and that COR workloads are adequately balanced so that they have the resources necessary to perform their oversight role.

Agency Progress in Addressing the Challenge

COR Education

COR education continues to be a priority for FMO management and the Chief Acquisitions Officer (CAO). While in FY 2016, FMO agreed to host quarterly COR training, the Acquisitions Division subsequently determined that there was a need for

more frequent training and has held bi-monthly COR training since February, 2016. Bi-monthly training will continue and will not only address current, specific COR needs, but also will be tailored towards maturing the FTC COR community's knowledge base overall. To complement its in person training, the Acquisitions Division has posted a wide variety of COR resources online for easy access, including templates, sample documents, and PALT requirements for the most common acquisitions, including new task orders, open market contracts, sole source contracts, and supplies/services contracts through GSA.

The Acquisitions Division is working to improve the quality of agency acquisitions by continuing to improve customer communications via targeted customer meetings and by obtaining acquisition liaison support for certain customers. The CAO customer meetings, first initiated in FY 2015, ensure standard topics are discussed, and new requirements are being addressed in an agreed-upon priority order. This process better supports the Acquisitions Division and the program offices to engage in integrated acquisition planning.

Additionally, the Acquisitions Division has contracted for three acquisition liaisons, who will assist assigned program offices, beginning in early FY 2017, by providing hands on guidance on the acquisition process; assisting customers with initiating contract actions; ensuring the adequacy of acquisition packages; and ensuring that both the Acquisitions Division and the customer maintain visibility and confidence throughout the entire process. The liaisons also will assess the current state of services received, so that they can structure subsequent acquisitions to continuously improve the quality of contractor services. Liaisons will begin with the end goal in mind, providing acquisition assistance that will ensure the customer based performance management measures are built in to the acquisitions package at the requirements definition phase. FMO anticipates that the liaison support will improve the quality of the acquisition packages, which will lead to better management of contractor performance, as well as delivery of improved services to the Commission.

Revised Policies and Procedures

The CAO has continued to review of all policies and procedures to ensure consistency with the latest federal regulations. The first phase of this effort included a review and draft revision of the Administrative Manual section pertaining to Acquisition, which was completed in FY 2016. Review and revision of the policy on Market Research and Acquisition Planning will be completed in the second quarter of FY 2017. The Acquisitions Division will continue to identify areas of concern that need established policy and procedures in FY 2017 and beyond. Through this continuous assessment process, the Acquisitions Division will have legally compliant and standardized policies and procedures that will govern contracting actions and provide consistency and efficiency in operation and output of the Acquisitions Division, as well as clear guidance for the program offices. Establishment of policies and procedures is an ongoing effort of

continuous review, revision, and tested compliance, as the FAR and industry standards are constantly changing in the acquisitions environment.

IT Acquisition Planning, Project Management, and Contract Management

OCIO has taken significant steps towards improving IT acquisition processes during FY 2016. In March 2016, the CIO established a Vendor and Program Management (VPM) division within OCIO to focus on IT acquisition, contract management, and program management processes and practices. The VPM division works with IT managers, IT governance stakeholders and the FMO's Acquisitions Division to develop strategies, plans, processes, and procedures for identifying, reviewing and validating IT acquisition requirements; integrate IT acquisition planning with capital planning and project planning; develop acquisition strategies and mechanisms to streamline and reduce the number of individual acquisition actions; establish guidelines and standards for defining measurable and meaningful contract performance metrics; establish procedures and methods for ongoing contract performance monitoring; and provide training and skills development for OCIO staff in acquisition planning, project management and contract management. By the end of FY 2016, OCIO staffed the VPM with three employees with COR and Project Management certification and experience.

The VPM will serve as OCIO's central review and coordination point for all IT acquisitions. It will provide training, coaching and mentoring to CORs and Technical Point of Contacts in other OCIO divisions regarding IT acquisition and IT project management. VPM staff will also serve as CORs on complex IT acquisitions. In FY 2017, OCIO will continue to assess resource requirements of the VPM and take necessary actions. OCIO will also assess and invest in training of all OCIO staff in acquisition and project management areas.

In FY 2016, the VPM has been working in conjunction with FMO's Acquisitions Division to develop a Blanket Purchase Agreement (BPA) strategy to streamline acquisition of IT services and to implement the agency's IT Strategy and Transition Plan. The BPA will provide a mechanism for FTC to acquire strategic partners to support the agency's IT service delivery, reliable and secure infrastructure operations, and modern and innovative IT solutions. The BPA will establish clearer expectations of services and service integration among contractors, put in place standard methods of procuring needed services, and improve acquisition process efficiencies. In FY 2017, OCIO and FMO will continue to work very closely together to: 1) define requirements and solicitation packages for the BPA and its task orders; 2) transition legacy service contracts to the BPA; and 3) develop a strategy in FY 2017 to streamline and reduce the number of IT commodity product acquisition contracts. OCIO plans to award the BPA by April of 2017.

In FY 2017, OCIO will conduct a comprehensive review of existing IT acquisitions policies and procedures, develop new or updated IT acquisition policies and procedures, and ensure their compliance with CAO's established agency-wide policies and procedures. OCIO will also establish a mechanism to enforce the procedures. OCIO will en-

sure that IT acquisition and contract management procedures are integrated with capital planning, program management and IT governance. OCIO will ensure that all key IT acquisition stakeholders will be engaged in the process, including OCIO staff and managers, business customers, and the agency's IT Business Council and Governance Board members. OCIO will focus on COR training, acquisition planning, performance metrics, and ongoing contract performance monitoring for IT acquisitions.

Key Milestones to Address this Challenge:

- Q1 FY 2017 - FMO holds COR training covering File Management.

Status: Completed. FMO held COR training covering File Management.

- Q2 FY 2017 - OCIO reviews the internal acquisition strategy/policy and develops revisions and recommendations to CIO and CAO.
- Q3 FY 2017 - FMO publishes a revised acquisition policy in the FTC Administrative Manual.
- Q4 FY 2017 - OCIO develops office-specific acquisition procedures and guidelines.

Challenge Four: Acquiring Employee Suitability Determinations

Responsible Official: Executive Director, Office of the Executive Director

Protecting employees, contractors, and members of the public who work in or visit FTC facilities requires clear policies, protocols, and effective management oversight. All agency facilities must adhere to specific General Services Administration security standards and Office of Personnel Management (OPM) personnel security practices. In addition to physical threats, the agency must adhere to FISMA standards to protect its technological infrastructure from cyber threats and other risks to information security and privacy.

ASO is responsible for managing physical security, health, and safety programs for agency staff and facilities, while the Human Capital Management Office is currently responsible for personnel security. There are approximately 1,700 federal employees and contractors that constitute the FTC workforce and require a secure working environment. In addition to visitors, there is a steady flow of arriving and departing staff who must be "onboarded" – that is, processed into the agency.

The agency must adhere to the appropriate security regulations for onboarding. In accordance with Executive Order 10450, Security Requirements for Government Employment, and Title 5, Code of Federal Regulations, parts 731 and 736, the FTC requires personnel security investigations to determine if applicants, interns, volunteers, contractors, and employees meet the suitability requirements for employment, and for physical and logical access to its information and IT systems. Although OPM requires a suitability determination for all potential employees, there is no mandated process for onboarding new hires, which is left to the discretion of the individual agency.

OIG and Government Accountability Office reporting throughout the federal government demonstrate that onboarding employees prior to suitability determinations is an agency security threat. An OIG FISMA review found in 2013 that the FTC had provided credentials to access the agency's IT infrastructure prior to completion of minimum background screening, contrary to FTC policy, making the agency vulnerable to insider threats. The OIG recommended in its FY 2013 FISMA evaluation that the FTC revise its infrastructure access procedure to enforce the access restriction until the completion of background screening. The 2013 recommendation remains open today and was restated in the OIG's FY 2014 and FY 2015 FISMA reviews.

In response to the OIG's FISMA recommendations, the agency has committed to align infrastructure access procedures with FTC access policy. ASO (which at the time was responsible for personnel security) adopted an informal pilot program in the summer of 2015 granting contractors physical access to FTC buildings upon onboarding through the issuance of a temporary badge allowing physical access to FTC facilities, but withholding network access until the contractors are fingerprinted and receive favorable determinations from ASO. FTC policy currently requires all new employees and contractors to have their fingerprints adjudicated prior to allowing network access. When fully implemented, this change may resolve a key finding in the OIG's 2015 Evaluation of the Office of Chief Information Officer, which noted that Bureaus have effectively bypassed FTC policy governing IT requests by pressing for premature onboarding of staff. The agency can no longer defer implementing the OIG's 2013 onboarding recommendations and must urgently address internal control improvements identified in recent OIG referrals and in management's parallel review of recently discovered lapses in physical and logical accesses associated with its special hiring and other programs. By addressing gaps in policies and operational oversight through sustained leadership focus, the FTC can more effectively protect its staff, contractors, and the public, and safeguard its property and repositories of highly sensitive information in support of its competition and consumer protection missions.

Agency Progress in Addressing the Challenge

The OPM is directed to provide guidance to civilian agencies on the handling of suitability investigations, reinvestigations, and responses to unfavorable determinations. While reporting obligations and the re-investigative process are both well-defined for individuals with clearances, there is no clear OPM guidance on suitability and fitness or on the handling of the re-investigation of public trust personnel. Despite this lack of guidance and the discretion granted agencies in handling the onboarding of personnel, management agreed with the OIG that there were potential vulnerabilities associated with onboarding employees and contractors before completion of fingerprinting and preliminary suitability/fitness background screening. Accordingly, based on its as-

assessment that the risk was greatest with respect to contractors,⁴ in 2015, the agency first implemented a policy requiring that all contractors be fingerprinted and a preliminary suitability/fitness check be completed before granting them logical access.⁵ By the end of December 2016, the agency will have implemented a new process that will ensure that contractors and employees are on boarded and granted logical and physical access, only after they have been fingerprinted and a preliminary suitability/fitness determination has been completed. Employees and contractors also will be required to have successfully completed privacy and security training before being on-boarded.

These changes will be supported by implementation of new electronic systems, including the Workforce Transformation Tracking System (WTTTS), which will track the onboarding of FTE, and the Entrance on Duty System (EODS), which will manage relevant documentation related to onboarding. The agency is also modifying its CICOM (Check In Check Out Moves) system to be able to better track and control the onboarding of contractors and all other employees. All system implementations and modifications will be completed by the end of February 2017. All policies and procedures related to these and other changes being implemented to guide hiring officials and protect the agency, with respect to the complete array of its hires, will be in place by the end of March 2017.

Key Milestones to Address this Challenge:

- Q1 FY 2017 - Conduct fingerprinting and suitability determinations prior to employee onboarding.

Status: Completed. Fingerprinting and suitability determinations are now completed prior to employee onboarding

- Q1 FY 2017 - Complete privacy and security training before onboarding.

Status: Completed. New employees now complete privacy and security training before onboarding

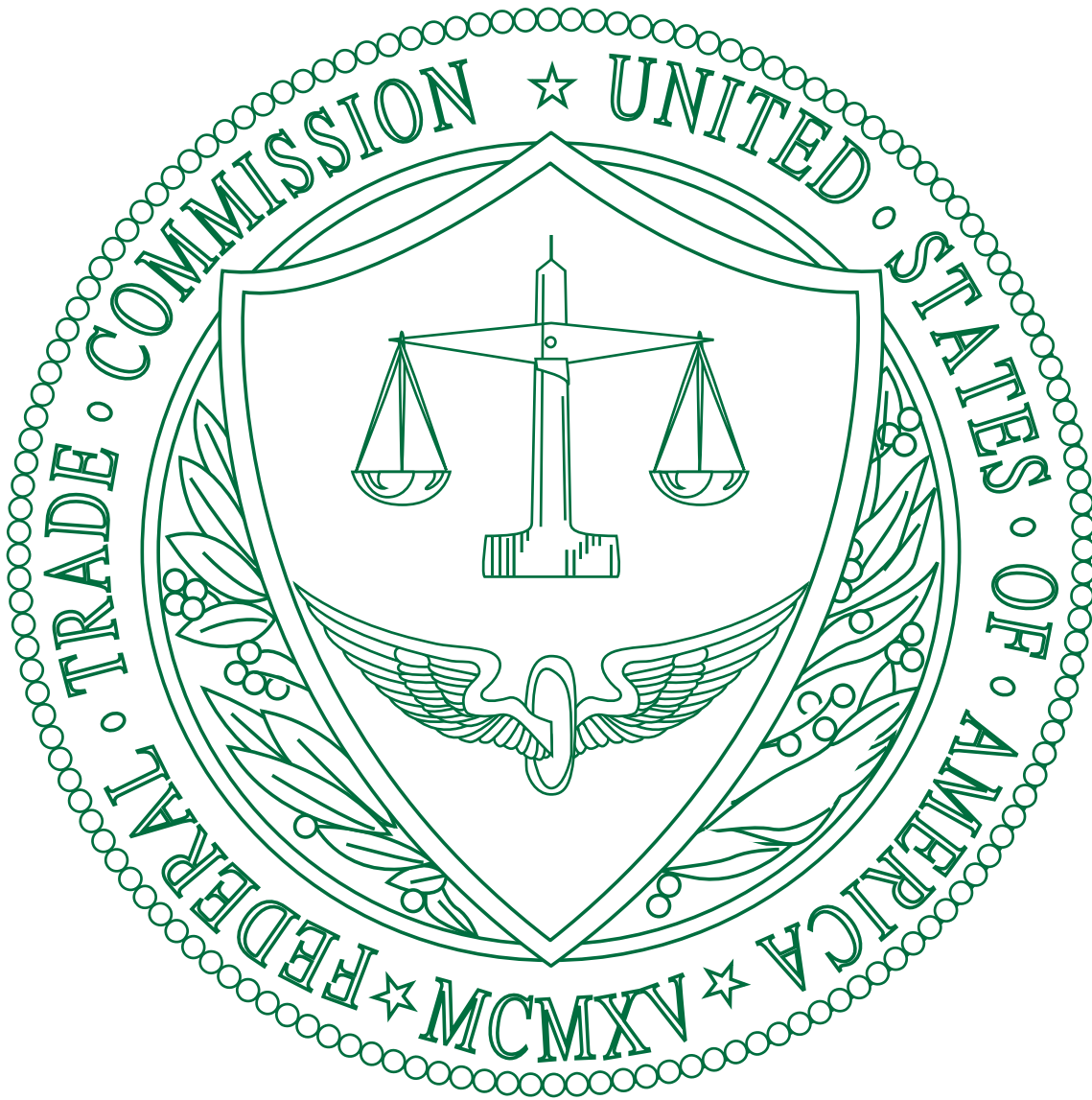
- Q2 FY 2017 - Provide guidance to hiring officials on security policies and procedures.

⁴Certain characteristics of the agency's makeup operate to lessen the risk of non-suitability for a significant percentage of the agency's FTE hires. The FTC is largely made up of lawyers who, by virtue of most bar rules, are subject to ethics checks to be admitted to practice and to ongoing obligations to self-report entry of judgment in certain civil actions, charges by indictment or information, all felony convictions, and certain misdemeanor convictions. The fact that one could lose one's license to practice law for committing or failing to report such acts is a strong disincentive not to engage in such behavior. Moreover, once onboard, all FTC employees are subject to Section 10 of the FTC Act, 15 U.S.C. § 50, pursuant to which unauthorized release of information obtained by the Commission is a criminal offense, with penalties up to a \$5,000 fine and one year imprisonment, or both. In some cases, criminal sanctions may also be available under the Trade Secrets Act, 18 U.S.C. § 1905, or the Larceny Act, 18 U.S.C. § 641. Thus, even where employees have been on-boarded before completion of a suitability determination, strong disincentives are in place and continue to serve to protect against misuse of the agency's highly sensitive information.

⁵Despite certain violations of this policy, for which the employee involved was disciplined, the on boarding of contractors after fingerprinting has been successful.

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DESCRIPTIONS



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Protecting Consumers

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

Budget by Activity (\$ in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	FTE	Dollars	FTE	Dollars
Privacy and Identity Protection	54	\$10,115	52	\$9,949
Financial Practices	78	14,537	76	14,388
Marketing Practices	127	23,723	127	23,988
Advertising Practices	76	14,224	71	13,457
Enforcement	45	8,359	44	8,305
Consumer Response and Operations	24	4,501	24	4,587
Litigation Technology and Analysis	32	19,611	32	19,726
Consumer and Business Education	20	5,797	20	5,865
Economic and Consumer Policy Analysis	8	1,400	8	1,408
Management	16	2,955	16	2,991
Subtotal Direct	480	\$105,222	470	\$104,664
Support	147	\$66,934	142	\$66,435
Total	627	\$172,156	612	\$171,099

PRIVACY AND IDENTITY PROTECTION

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

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

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

FINANCIAL PRACTICES

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

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

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

MARKETING PRACTICES

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

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

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

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

ADVERTISING PRACTICES

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

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

jour” and bringing law enforcement actions. Other activities include conducting consumer education campaigns to assist consumers in spotting fraudulent health care and weight loss claims.

- **Endorsements, Search Results, and Native Advertising:** Advertising Practices enforces the basic principles, incorporated in the FTC’s Endorsement Guides, that endorsements must be truthful and cannot be misleading, and that material connections between advertisers and endorsers should be disclosed. Based on the idea that consumers have a right to know when they are receiving a sales pitch, this principle similarly applies to social media marketing (including consumer-generated content), paid search results, and “native advertising,” the practice of blending advertisements with news, entertainment, and other editorial content in digital media.
- **Tobacco and Alcohol Advertising:** Advertising Practices leads the FTC’s efforts to stop the deceptive or unfair marketing of tobacco and alcohol, administers federal laws governing the rotation of health warnings on ads and packaging for cigarettes, and publishes annual reports on cigarette and smokeless tobacco advertising and marketing. The FTC coordinates with FDA as FDA assumes some tobacco-related responsibilities pursuant to the Family Smoking Prevention and Tobacco Control Act. Advertising Practices also monitors self-regulation of the alcohol advertising industry, encourages improved standards and compliance, and periodically reports to Congress and the public on this issue.
- **Contact Lens Rule Administration and Enforcement:** Advertising Practices actively enforces the Contact Lens Rule, which requires that contact lens prescribers (optometrists and ophthalmologists) provide patients with a copy of their prescriptions at the completion of a lens fitting. The Rule also prohibits lens sellers from providing lenses to customers without first verifying prescription information. Advertising Practices has brought a number of cases enforcing the Rule and engages in ongoing business education.

ENFORCEMENT

Enforcement litigates civil contempt and civil penalty actions to enforce federal court injunctions and administrative orders in consumer protection cases; coordinates actions with criminal law enforcement agencies through its Criminal Liaison Unit; develops, reviews, and enforces a variety of consumer protection rules and guides; administers the Bureau’s green marketing program; coordinates the negative option initiative; and handles bankruptcy and collection matters in consumer protection cases.

- **Order Enforcement:** Enforcement is responsible for ensuring compliance with all administrative and federal court orders entered in FTC consumer protection cases. To carry out this mission, Enforcement actively monitors compliance with consumer protection orders, conducts investigations of possible order violations,

litigates civil contempt actions in federal court to enforce injunctions, and initiates court actions to obtain civil penalties for administrative order violations.

- **Criminal Liaison Unit:** The Criminal Liaison Unit (CLU) encourages criminal prosecution of those responsible for consumer fraud by identifying fraudulent activities, bringing them to the attention of criminal law enforcement authorities, and coordinating civil and criminal enforcement actions. CLU works closely with prosecutors, criminal investigative agents, and FTC staff to ensure the smooth progress of parallel prosecutions. In addition to identifying and referring specific fraudulent activity, CLU also educates criminal law enforcement authorities about the FTC and its mission, and provides legal and practical advice to FTC staff.
- **Rules and Guides:** Enforcement develops, reviews, and enforces a variety of consumer protection rules and guides. For example, in the energy arena, Enforcement is responsible for rules requiring the disclosure of operating costs of home appliances (the Appliance Labeling Rule), octane ratings for gasoline (the Fuel Rating Rule), and the efficiency rating of home insulation (the R-Value Rule). Enforcement also has responsibility for rules and guides as diverse as the Mail or Telephone Order Merchandise Rule, which requires companies to ship goods when promised; the Textile, Wool, Fur, and Care Labeling Rules, which require proper origin and fiber content labeling of textile, wool, and fur products, and care instructions; and the Jewelry Guides, which provide guidance on the marketing of precious metals, gemstones, and pearls.
- **Green Marketing:** The FTC's Green Marketing program focuses on advertising claims that tout the environmental benefits of products and services. Enforcement administers the program by developing the Commission's Environmental Marketing Guides, litigating enforcement actions, and conducting consumer research and other studies to better understand the marketplace.
- **Negative Option Marketing:** Enforcement coordinates the Negative Option Marketing initiative that addresses deceptive practices in the use of negative option offers (i.e., any offer in which a seller interprets consumers' silence, failure to take an affirmative action to reject goods or services, or failure to cancel a sales agreement as acceptance of an offer). To accomplish this mission, Enforcement litigates civil actions against marketers that deceive consumers; hosts workshops with industry representatives, consumer groups, and members of the academic community; and issues reports that discuss marketing trends and provide guidance to industry.
- **Bankruptcy:** Enforcement's bankruptcy/commercial law attorneys represent the Commission in federal bankruptcy court and advise staff generally on a host of bankruptcy and commercial law issues. The bankruptcy group preserves and enforces the Commission's claims for monetary relief, ensures that defendants do not use bankruptcy to prevent law enforcement actions, and counsels staff on a wide variety of bankruptcy and commercial law issues related to monetary relief.

- **Collections:** Enforcement conducts investigations, attaches assets, and litigates contempt actions in order to collect outstanding monetary judgments obtained by the Bureau of Consumer Protection. Additionally, Enforcement coordinates collection activities with the Department of the Treasury.

LITIGATION TECHNOLOGY AND ANALYSIS

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

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

CONSUMER RESPONSE AND OPERATIONS

Consumer Response and Operations develops, analyzes, and supplies information to assist in targeting law enforcement and educational efforts, measuring the impact of

mission activities, and allocating resources. Consumer Response and Operations is responsible for various efforts and activities, including:

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

CONSUMER AND BUSINESS EDUCATION

Consumer and Business Education gives consumers the tools they need to make informed decisions in the marketplace, and gives businesses the tools they need to comply with the law. An education component is integral to every consumer protection enforcement initiative the agency mounts. Consumer and Business Education produces plain-language information that is actionable, practical, and targeted. The information

and related initiatives help people recognize and avoid fraud and deception and encourage them to report concerns to the FTC.

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

- **Communications Tools:** Every year, Consumer and Business Education produces hundreds of blog posts and more than 50 publications to alert consumers and businesses to their rights and responsibilities in the marketplace. Print publications are distributed through an informal network of over 13,000 intermediaries, who order online more than 12 million copies for their communities each year. Consumers also make more than 30 million visits annually to consumer and business education information on FTC.gov. In addition, hundreds of thousands of consumers get timely and topical materials through email subscription services and social media sites. When people contact the FTC’s Consumer Response Center for information or to file a complaint, they are referred to education resources. Consumer and Business Education produces award-winning materials and campaigns for consumers, businesses, and law enforcement in multiple formats, including audio (public service announcements, scripts for radio, and online narration), video ([youtube.com/user/FTCvideos](https://www.youtube.com/user/FTCvideos)), games and quizzes, tutorials, bookmarks, posters, wallet cards, bookmarks, graphic novels, and infographics. Consumer and Business Education also provides its information to thousands of broadcast, print, and online media outlets, as well as to blogs and social networking sites. All information is produced in English and Spanish, and several publications are produced in Arabic, Chinese, Korean, Haitian Creole, Tagalog, Russian, and Vietnamese.
- **Information for Every Community:** Consumer and Business Education focuses on reaching key audiences, including communities of color, immigrants, people in financial distress, older people, people with low levels of literacy, the military community, kids, teens and parents, law enforcement at the state and local level, legal services attorneys, advertisers, marketers, service providers, tech developers, and the private bar. The information covers a wide range of subjects, including identity theft, privacy and data security, mobile and evolving technologies, telemarketing fraud, Do Not Call, health and safety, green, prizes, sweepstakes and lotteries, advertising, immigration services fraud, credit and finance, debt collection, and home and vehicle financing.

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

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

ECONOMIC AND CONSUMER POLICY ANALYSIS

Staff conducts economic and consumer policy analysis to provide the Commission and other policy makers with information to assess and formulate consumer protection policy. This work includes economic research and advocacy activities that foster understanding of consumer good markets and consumer protection policy choices. They also work to ensure that consumer interests are represented before various governmental and self-regulatory bodies dealing with consumer-related issues.

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

MANAGEMENT

The goal of protecting consumers is to identify, prevent, and stop fraud, deception, and unfair business practices in the marketplace. Under the FTC's strategic plan, resources are devoted to three broad objectives: identifying and taking action to address deceptive or unfair practices that harm consumers, providing the public with knowledge and tools to prevent harm to consumers, and collaborating with domestic and international partners to enhance consumer protection. Management is responsible for the overall management and accomplishment of these goals and objectives.

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

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Promoting Competition

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

Budget by Activity (\$ in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	FTE	Dollars	FTE	Dollars
Premerger Notification	18	\$3,402	18	\$3,488
Merger and Joint Venture Enforcement	206	38,418	202	38,668
Merger and Joint Venture Compliance	11	2,071	11	2,116
Nonmerger Enforcement	128	23,989	127	24,444
Nonmerger Compliance	1	189	1	193
Antitrust Policy Analysis	26	5,181	26	5,242
Other Direct	20	3,737	20	3,820
Subtotal	410	\$76,987	405	\$77,971
Support	125	\$57,173	123	\$57,247
Total	535	\$134,160	528	\$135,218

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

PREMERGER NOTIFICATION

Most mergers and acquisitions are either procompetitive or competitively neutral. Mergers that are anticompetitive, however, can raise costs to consumers by resulting in higher prices and reducing the output of goods and services. Anticompetitive mergers also can inhibit innovation, lead to diminished product quality, and restrict consumer choice. To identify potentially anticompetitive mergers, the FTC relies primarily on the premerger notification program prescribed by the Hart-Scott-Rodino (HSR) Act, which requires entities meeting certain thresholds to file notifications with the FTC and the Department of Justice and to wait a prescribed period of time before consummating their transactions. This waiting period provides the antitrust enforcement agencies an opportunity to prevent potentially anticompetitive mergers before they occur. In addition, the FTC reviews news publications, industry research, and customer complaints. To distinguish between mergers that threaten competitive markets and those likely to promote them, the FTC conducts a thorough factual investigation coupled with economic analysis to assess the likely effects on competition.

The FTC's Premerger Notification Program promotes competition by:

- **Facilitating Compliance with HSR Requirements:** The FTC's Premerger Notification Program provides information and guidance to ensure that parties to transactions understand when a filing is required and the type of information that they must supply under the HSR Act. In addition to written materials, the Premerger Notification Office answers questions from individuals and organizations to improve the level, completeness, and accuracy of compliance with the Act.
- **Providing Rapid Initial HSR Review:** Mergers reported under the HSR Act vary tremendously in their complexity and potential for anticompetitive effects. In the majority of cases, the agency can make a reasonable judgment about whether a merger is potentially anticompetitive within a few days. To identify potentially anticompetitive transactions, the Premerger Notification Office prepares a summary description and a preliminary antitrust analysis of reported transactions. Summaries are then reviewed by the Bureau of Competition's litigation divisions, the Bureau of Economics, and the Merger Screening Committee – that includes participants from both Bureaus and convenes regularly to consider which matters require further action.
- **Coordinating with the Antitrust Division of the Department of Justice:** The FTC administers the HSR Program for itself and the Antitrust Division of the Department of Justice, which share authority to challenge anticompetitive mergers. The Premerger Notification Office shares transaction information with the

Antitrust Division and works with the Antitrust Division to ensure that the two agencies consistently and uniformly apply Premerger Notification Rules. The agencies use a “clearance” process to ensure that only one agency investigates and, if necessary, challenges any given transaction. Assignment to one agency or the other takes place after preliminary review of a transaction, based principally on each agency’s relative expertise in the markets relevant to the proposed transaction.

- **Minimizing the Burden on Business:** The Premerger Notification Program strives to minimize the burden on filing parties while fulfilling the enforcement responsibilities of the FTC and the Antitrust Division. To that end, the FTC periodically develops and recommends improvements to the HSR rules and procedures.

MERGER AND JOINT VENTURE ENFORCEMENT

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

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

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

- **Identify Potentially Anticompetitive Mergers:** As described above, a Merger Screening Committee – a committee that includes participants from both the Bureau of Competition and Economics – convenes regularly to consider which matters require further action.
- **Prevent Anticompetitive Mergers:** The most effective and cost-efficient strategy for protecting consumers from acquisitions that may substantially lessen competition is to prevent anticompetitive mergers from occurring. The FTC does this primarily by using its authority to seek injunctive relief under Section 13(b) of the Federal Trade Commission Act to block anticompetitive mergers pending an

adjudicative proceeding. Often, the FTC is able to address potential harm to competition, through negotiated settlements or the parties' voluntary abandonment of a transaction, before taking action in federal court. Where these methods are inappropriate or unavailable, the FTC relies on its administrative process to restore competition lost due to a merger's consummation. Whether achieved by consent or in an administrative proceeding, the most common remedy is divestiture of the assets necessary to preserve or restore competition, although the FTC also uses conduct remedies where appropriate.

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

MERGER AND JOINT VENTURE COMPLIANCE

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

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

- **Review Petitions to Modify Orders:** Merger Compliance also includes reviewing petitions from parties seeking modification or terminations of their orders, and making appropriate recommendations for Commission action.

NONMERGER ENFORCEMENT

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

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

- **Horizontal Restraints:** The horizontal restraints component of Nonmerger Enforcement looks at anticompetitive agreements between and among competitors. Horizontal restraints, such as price-fixing, can harm consumers by raising prices or by reducing the quantity and quality of goods and services. The mission of this program is to prevent, detect, investigate, and remedy anticompetitive collusion or its facilitation. While some agreements among competitors, such as standard-setting activities and the creation of legitimate ethical codes can be procompetitive and even essential, such agreements can be exclusionary under certain market conditions.
- **Distributional Restraints:** Restraints on the distribution of goods from manufacturers to consumers can facilitate horizontal collusion, limit sources of supply, or restrict channels of distribution in ways that give a party unilateral power to increase prices, reduce price-adjusted quality, or otherwise suppress competition. Under certain circumstances, potentially unlawful distributional restraints may include agreements restricting prices or other terms of resale, agreements restricting the sale or purchase and distribution of goods from firms other than the parties to the agreement, and discrimination in price or other terms that may injure consumers.
- **Single Firm Violations:** A single firm with market power can use various anticompetitive practices to reduce output and increase price above the competitive

level, injuring consumers and misallocating resources. While neither the possession of market power, nor the attempt to achieve it are unlawful, obtaining, increasing, or maintaining market power by unnecessarily exclusionary means is unlawful. The goal of our enforcement activity against single firm violations is to prevent or remedy instances in which appreciable market power is unlawfully created or maintained through conduct that would injure long-term consumer welfare. A principal challenge with this enforcement activity is to distinguish improper conduct from vigorous and innovative competition.

- **Strategy:** The FTC employs strategies of investigation, litigation, voluntary compliance, and negotiation for nonmerger enforcement. In addition, the FTC provides reports and comments to federal, state, and local government agencies, as well as amicus curiae briefs, advisory opinions, and legal and economic analyses to help inform others about emerging issues affecting nonmerger enforcement.

NONMERGER COMPLIANCE

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

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

Nonmerger Compliance program reviews these petitions to assess their impact on competition and makes recommendations for Commission action accordingly.

ANTITRUST POLICY ANALYSIS

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

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

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

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

OTHER DIRECT

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

- **Competition Advocacy:** The FTC and its staff have a great deal of expertise in competition analysis, and are often invited to comment on the competitive effect of proposed laws, rules or regulations before federal, state, or local governments. For instance, staff has issued comments to various state entities on rules governing direct-to-consumer sales by manufacturers of automobiles, the entry of new types of limited service health care professionals and facilities in markets otherwise reserved for medical doctors, passenger motor vehicle transportation services, including new software applications that are used to arrange for such services, and comments on proposed rules issued by Federal Energy Regulatory Commission (FERC) relating to the integration of alternative sources of energy.
- **Recruiting:** The Bureau of Competition, in cooperation with the Human Capital Management Office and other offices in the FTC, conducts interviews at over a dozen law schools and legal recruiting fairs each year to identify and select entry-

level attorneys and legal interns. The Bureau also recruits lateral attorneys and other staff members as needs arise.

- **Employee Development and Training:** Through its Employee Development and Training Program, the FTC ensures that attorneys and support personnel receive the training necessary to do their jobs. Hallmarks of the training program are the Bureau of Competition Training Council's seminar series, the semi-annual in-house training sessions for summer interns and first-year attorneys, and the Bureau of Competition Mentoring Program.
- **Investigation, Litigation Support, and Electronic Filing:** Investigation and Litigation Support staff are responsible for processing and loading all document productions received during the course of investigations and litigation. This group develops standards for documentary productions and data submissions and uses appropriate technological solutions to ensure Commission staff has timely access to this information.

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

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

Support

Support consists of management and support activities within the Federal Trade Commission (FTC) to foster and help achieve the agency's Protecting Consumers and Promoting Competition goals.

Budget by Activity (\$ in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	FTE	Dollars	FTE	Dollars
Commissioners	40	\$7,096	40	\$7,271
Office of the General Counsel	52	9,092	50	8,857
Office of the Secretary	10	1,697	10	1,742
Office of Administrative Law Judges	5	846	5	866
Office of the Executive Director	138	100,204	133	99,653
Office of Congressional Relations	6	982	6	1,007
Office of Public Affairs	11	1,981	11	2,031
Office of Inspector General	7	1,644	7	1,674
Office of Equal Employment Opportunity	3	566	3	581
Total Support	272	\$124,108	265	\$123,682
Allocation of Support				
Protecting Consumers	147	\$66,935	142	\$66,435
Promoting Competition	125	57,173	123	57,247
Total Support	272	\$124,108	265	\$123,682

COMMISSIONERS

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

OFFICE OF POLICY PLANNING

The Office of Policy Planning (OPP) conducts research, develops policy recommendations, and generates written comments and reports on a variety of competition and consumer protection issues. OPP staff research and analyze emerging issues relating to competition in a variety of industries, including issues at the intersection of competition and intellectual property, in order to enrich the Commission's expertise and inform enforcement decisions involving novel or complex legal issues. OPP staff frequently work directly with case teams on enforcement matters. OPP advocates for robust competition and consumer protection policies in a variety of federal and state venues by analyzing the competitive ramifications of certain legislative, regulatory, and other policy approaches, making recommendations on how certain policy choices may enhance or impede competition, gathering evidence to identify competitive problems and evaluate how best to address emerging competitive issues, and providing legal and economic analysis where requested. Where appropriate, the OPP staff coordinate the FTC's advocacy role with other governmental entities.

OPP staff frequently obtain public input from businesses, consumer groups, academics, and other outside sources through a variety of informal and formal means, including discussions with stakeholders, fact-gathering workshops, roundtable policy discussions, and studies conducted pursuant to the FTC's Section 6(b) authority.

OFFICE OF GENERAL COUNSEL

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

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

OGC also counsels staff on the conduct of law enforcement investigations, enforces civil investigative demands and other compulsory processes, advises staff on issues relating to the discovery of electronically stored information, and frequently assists staff in responding to discovery requests directed to the FTC or its staff. It assists the Department of Justice (DOJ) in defending cases brought to enjoin or otherwise challenge agency action, or to obtain monetary damages against the

FTC or its personnel. OGC also furnishes advice and assistance concerning other litigation activities, prepares amicus curiae briefs authorized by the Commission, and works to ensure that our adjudicatory process is efficient and fair.

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

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

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

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

OFFICE OF INTERNATIONAL AFFAIRS

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

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

- **Competition:** OIA assists the FTC's competition mission through advice to case teams on international issues such as access to foreign witnesses and evidence and through its work in various bilateral and multilateral fora.
 - » **Bilateral Relationships:** Effective cooperation with counterpart agencies is a necessity given the many FTC cases that involve parties based outside the United States, evidence located abroad, or matters that are under parallel review by foreign competition agencies. Pursuant to formal cooperation agreements and a network of informal arrangements and relationships, OIA works with FTC staff and foreign agencies to achieve consistent approaches to cases of mutual concern and to promote convergence toward sound policy and enforcement.
 - » **Activities in Multilateral Competition Fora:** The FTC is a leader in the multilateral organizations that facilitate dialogue and convergence toward sound competition policy and enforcement. In the International Competition Network (ICN), the FTC co-chairs the Merger Working Group, leading projects to develop recommended practices for merger notification and analysis and practical guidance on merger investigative techniques. It also leads project teams on online training and implementation of ICN work product. The FTC is also active in the Competition Committee of the Organization for Economic Cooperation and Development (OECD), the United Nations Conference on

Trade and Development (UNCTAD), and regional organizations such as the Asia-Pacific Economic Cooperation (APEC).

- » **Working within the U.S. government:** The FTC works with U.S. government agencies bilaterally and in intergovernmental fora to address competition-related issues, *e.g.*, as members of the Trans-Atlantic Trade and Investment Partnership negotiating team and as part of the U.S. delegation to the U.S.-China Strategic & Economic Dialogue.
- **Consumer Protection:** OIA helps the FTC accomplish its consumer protection and privacy goals by building international enforcement cooperation and fostering the development of sound policies that take into account rapid technological and other changes in the global marketplace. These activities include:
 - » **Investigative and Litigation Advice and Assistance:** OIA supports case teams from BCP and OGC when international issues arise in FTC investigations and cases. OIA's work spans the range of enforcement-related activities, from providing advice and briefings on issues such as jurisdiction and service of process to obtaining evidence, including expert evidence, located abroad, to working with case teams and foreign attorneys to identify and secure foreign assets for redress.
 - » **International Enforcement Cooperation:** In 2006, Congress gave the FTC powers to combat cross-border consumer fraud more effectively through the U.S. SAFE WEB Act, which provides the FTC with key information sharing, investigative assistance, and cross-border enforcement authority. The FTC has used this authority to pursue cross-border wrongdoers robustly and effectively. Congress reauthorized the Act in 2012, and the FTC has continued to expand its use of the Act's tools.

The FTC also works closely with a range of Canadian agencies on cross-border telemarketing, privacy, and Internet fraud issues and works with regional partnerships in Europe, Africa, and Latin America on enforcement issues. The FTC is also a leader in the International Consumer Protection Enforcement Network (ICPEN), a global network of more than 60 consumer protection authorities, and the International Mass Marketing Fraud Working Group, which includes civil and criminal law enforcers from around the world who have developed new enforcement cooperation projects focused on sweepstakes fraud and India-based call center fraud. The FTC also co-chairs the Unsolicited Communications Enforcement Network (UCE-NET, formerly the London Action Plan) and works closely with regional consumer protection networks in Asia, Africa, and Latin America. The agency also has entered into several memoranda of understanding on enforcement cooperation on privacy-related matters with foreign counterparts.

- » **Promoting Sound Consumer Protection Policies:** OIA advocates vigorous enforcement of the key rules that protect consumers from significant harm,

including from fraud, deception, and unfair practices in the global marketplace through its policy work. For example, the FTC has played a leading role in developing new OECD ecommerce guidelines designed to strengthen consumers' trust in the expanding electronic marketplace, and in exploring the consumer protection implications of new economic and business models, such as the sharing economy, in the OECD's consumer policy committee. The agency has also been active in the work of the OECD's working party on security and privacy in the digital economy, and worked to update the UN Guidelines on Consumer Protection in UNCTAD.

- **International Training Assistance:**

- » **Cross-Cutting Technical Assistance:** The FTC provides technical assistance to countries in transition to market economies and that are establishing new competition and consumer protection regimes. It also shares staff investigative and analytical expertise and experience with colleagues in more advanced jurisdictions as they address more complex issues. Our program contributes to convergence toward sound policies that benefit American consumers and businesses.
- » **Investigative Training:** The FTC provides short-term training in investigative skills. The FTC also responds to requests for comments on draft competition, consumer protection, and privacy legislation and hosts foreign officials who visit the agency to study the U.S. experience in administering its antitrust, consumer protection, and privacy laws.
- » **International Staff Exchanges:** The FTC has established an International Fellows and SAFE WEB Interns program that has enabled foreign competition and consumer protection agency staff to work alongside their FTC counterparts, and an FTC staff exchange program. These programs implement the U.S. SAFE WEB Act's authorization of exchanges with foreign antitrust and consumer protection agencies. Over the years, the FTC has hosted 93 International Fellows and SAFE WEB Interns from 34 jurisdictions, including Australia, Brazil, Canada, Chile, China, the European Union, France, India, South Korea, and the United Kingdom. In addition, FTC staff have participated in outbound exchanges with the competition agencies of Canada, the European Union, and the United Kingdom.

OFFICE OF THE SECRETARY

The Office of the Secretary supports the Commission by implementing, processing, and advising the Commission and its staff on Commission voting and other decision-making procedures.

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

the General Counsel, and manages the contract covering Federal Register publication expenditures.

The Office also maintains the agency Operating Manual, and prepares and forwards responses to most Congressional and White House correspondence raising constituent issues. In addition, the Office creates and preserves electronic copies of all relevant actions and documents in our internal document management system. The Secretary is also the legal custodian of Commission legal and public records, and is responsible for publishing the FTC Decisions Volumes, including almost 100 volumes covering the period from 1949 to 2006, which have recently been placed on the Commission website, at ftc.gov.

OFFICE OF ADMINISTRATIVE LAW JUDGES

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

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

OFFICE OF THE EXECUTIVE DIRECTOR

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

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

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

Some of the key activities performed by FMO include:

- » Assisting senior management and staff on budget development, justification, execution, and review. This includes working with FTC, OMB, and Congressional staff to obtain appropriations and subsequent apportionment authority, distribute enacted and Commission-approved resources to agency organizations and projects, track the use of agency resources, and prepare needed reprogrammings of agency funds.
- » Recording financial transactions into the accounting system, paying invoices for purchases and services performed for the FTC, reconciling the agency's general ledger, reporting assets managed by the FTC, including accounts receivable from court orders, judgments and receiverships, and reconciling balances with those maintained by Treasury and OMB. FMO also performs financial analysis and initiates adjusting entries as needed.
- » Preparing the FTC's consolidated financial statements, reporting the agency's annual financial information to Treasury, and serving as primary liaison with the FTC's financial statement auditors. FMO also prepares the Agency Financial Report and consolidated Annual Performance Plan/ Annual Performance Report and directs GPRAMA activities, including oversight of strategic planning and performance reporting.
- » Acquisition of all goods and services on behalf of the Bureaus and Offices, including assisting internal customers with the requisition process, statements of work, and requests for proposal, facilitate training of the agency's Contracting Officer Representatives, as well as assistance with contract preparation, award, and administration.
- » Managing the FTC's enterprise risk management and internal control program by systematically/continuously identifying and documenting risk related to achieving the agency's strategic goals and objectives. Internal control consist of assessing the adequacy of financial and operational program internal controls, identifying needed improvements, taking corresponding corrective actions, and reporting annually on the condition of the agency's internal controls through management assurance statements, as required by law.
- » Managing the FTC's Oracle-based financial system through an integrated financial system that includes payroll, travel management, and acquisition lifecycle systems.
- » Issuing the FTC's financial policies to implement laws and high-level government-wide requirements and policies (e.g., OMB Bulletins and Circulars).

- » Managing and administering government purchase and travel card programs.
- » Managing E-Travel, including a comprehensive end-to-end service to plan, book, track, approve, and request reimbursement for travel.

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

- **Human Capital Management Office:** The Human Capital Management Office (HCMO) develops and implements human capital programs and policies to align with and support the FTC's human capital strategic objectives. The office provides leadership, technical advice, and policy guidance to FTC's leadership and to Bureaus and Offices on a broad range of talent management and workforce issues, including human capital planning, position management and classification, staffing and placement, background investigations, performance management, workforce development, executive resources, compensation, labor and employee relations, special emphasis programs, as well as employee benefits services and programs. HCMO works closely with FTC Bureaus and Offices and collaborates with other federal agencies, including the Office of Personnel Management (OPM) and OMB, to develop proactive programs and solutions to emerging human capital issues in support of government-wide human capital initiatives.

These human capital programs ensure that HCMO serves the needs of FTC's Bureaus and Offices while supporting effective mission accomplishments.

- **Administrative Services Office:** The Administrative Services Office (ASO) is an integral component of the FTC's support service network, ensuring that other agency staff can focus on law enforcement activities. Some of the key activities performed by ASO include:
 - » Acquiring and managing headquarters and regional offices space, including managing infrastructure renovations and repairs.
 - » Providing building and grounds management.
 - » Managing the agency's physical security, emergency preparedness, and health and safety programs.
 - » Planning, coordinating, and supporting all types of FTC events.
 - » Coordinating the preparation for new employees, physical office moves of current employees, space reconfigurations, and the processing of employees who leave the agency.
 - » Maintaining a Customer Services Center, a one-stop shop for addressing and fulfilling a wide range of administrative requests.

- » Managing the agency's reproduction needs, including in-house copy centers in both buildings in Washington, DC and logistical support to FTC staff working with commercial printers or the Government Printing Office.
- » Providing administrative assistance and logistical trial team support to FTC Bureaus and Offices.
- » Managing agency-wide support services including the mail room, courier, supply, equipment, and furniture management.
- » Publishing the FTC Daily, the FTC Administrative Manual, and the FTC telephone directory.
- » Managing and administering Reimbursable Work Authorizations (RWA). The FTC is required to reimburse the General Services Administration (GSA) for building-related services, such as utilities, maintenance, and alterations in buildings, where GSA has not given the FTC authority to provide these services.
- » Coordinating the FTC's transit subsidies.
- » Providing moving, transportation, and garage services for the headquarters building.
- **Office of the Chief Information Officer:** The Office of the Chief Information Officer (OCIO) is responsible for providing the FTC with a robust, reliable, secure, rapidly scalable, and interoperable infrastructure; providing connectivity and computing capabilities; and allowing FTC staff and mission partners to access, share, and act on needed information electronically. OCIO develops, modernizes, and enhances mission critical IT applications and systems, business services and related office automation tools and maintains a robust cybersecurity program that includes the FTC's disaster recovery and continuity of operations efforts. Some key activities performed by OCIO include:
 - » Providing mission critical information systems and services to facilitate litigation, forensic investigations, enforcement, and economic analysis activities;
 - » Ensuring availability of information technology systems through maintenance of a stable, modernized in-house technology infrastructure, including life-cycle management and technology enhancements and provisioning of secure cloud-based services in support of efficiency and improved operations;
 - » Enhancing agency productivity through customer support services, including equipment installation and repair; training and support in the use of information technology resources; and support of critical information systems and applications;
 - » Securing FTC data and information technology systems against current and emerging cybersecurity threats using sophisticated technologies and information assurance activities, providing increased security and compliance without hindering mission success and employee performance.

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

OFFICE OF CONGRESSIONAL RELATIONS

The Office of Congressional Relations serves as the liaison between the FTC and Congress. It works closely with Congressional Committees and Members' offices, and keeps the Commission apprised of activity on Capitol Hill affecting competition, con-

sumer protection, and the agency. It also coordinates the preparation of Congressional testimony and responses to Congressional inquiries about FTC actions, policies, and programs.

The Office of Congressional Relations:

- Develops, coordinates, and executes legislative advocacy for the Federal Trade Commission.
- Receives and helps coordinate responses to Members' inquiries on behalf of constituents.
- Plans and implements liaison activities with Congress, including briefings by FTC staff, meetings between Members of Congress and Commissioners, and constituent education events.
- Monitors hearings, legislation and other Congressional activity affecting or of interest to the FTC,
- Coordinates the review by FTC staff of relevant legislation, and provides feedback and technical assistance on bills to Congressional offices.
- Prepares agency witnesses to testify before Congress.
- Keeps Congressional staff abreast of major Commission actions.

OFFICE OF PUBLIC AFFAIRS

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

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

- Arranges media appearances for the Chairman, Commissioners, and other senior officials.
- Ensures that FTC releases, supporting documents, and consumer and business education materials are disseminated to the media and the public on FTC websites, through use of social media, and other channels.
- Manages the FTC's official presence on Facebook and Twitter, including hosting live social chats, live-tweeting workshops, and answering public questions using social media.

- Produces a daily “News Summary” on FTC activities consisting of interesting/influential tweets, clips from newspapers, magazines, online publications, and television.
- Drafts and maintains all social media privacy impact assessments and produces weekly social mentions report to staff.
- Manages the development and operations of the FTC’s primary public website, FTC.gov, including related vendor contracts
- Establishes governance, standards and administrative guidance for public-facing web properties managed by offices across the agency
- Coordinates the development and execution of the agency’s digital communications strategy
- Provides training and support to FTC web content publishers and authors
- Provides assistance to the media and bloggers covering FTC activities.
- Promotes and supports major FTC outreach activities and initiatives and uses new technology, as available, to advance these efforts.
- Provides media training and outreach support to some FTC offices as needed, including FTC Regional offices.
- Produces “Weekly Calendar and Sunshine Notices” report to inform the public and the media of scheduled “open” Commission activities.
- Works with international, national, and regional media for coverage of Commission activities.
- Garners transcripts and videotapes of broadcast coverage of Commission activities.
- Coordinates with staff on publication of FTC blogs, posts, and occasionally guest posts.

OFFICE OF INSPECTOR GENERAL

The Inspector General Act of 1978 created independent and objective units within the federal agencies to detect fraud, waste, and abuse and promote economy, efficiency, and effectiveness in agency operations. Each Office of Inspector General (OIG) is responsible for conducting audits and investigations relating to the agency’s programs and operations. The Inspector General Act Amendments of 1988 (5 U.S.C. app.) established an OIG within the FTC in 1989. The Inspector General must keep the agency

head and Congress fully and currently informed about problems and deficiencies in the agency's operations and programs.

The Inspector General Act contains statutory guarantees of OIG independence, which ensure the objectivity of the OIG's work and safeguards against efforts to compromise that objectivity or hinder OIG operations. Foremost among these safeguards are the Inspector General's dual reporting to the agency head and Congress, and the requirement for agency management to provide timely access to agency personnel and information. The OIG's independent mission requires that OIG staff be free in fact and appearance from personal, external, and organizational impairments to their independence.

- **Mandatory Audits:** The OIG conducts audits of the FTC's programs and operations, including a mandated annual audit of the FTC's Financial Statements. Audits address the efficiency, effectiveness, and economy of the FTC's programs, activities, and functions; provide information to responsible parties to improve public accountability; facilitate oversight and decision-making; and initiate corrective actions as needed. Audits also report on internal controls and compliance with provisions of law, regulations, and contracts as they relate to financial transactions, systems, and processes.
- **Investigations of Fraud, Waste, and Abuse:** The OIG investigates allegations of criminal, civil, and administrative violations of laws, policies, and regulations on the part of FTC employees and individuals/entities that have contracts with the agency. Complaints and allegations of wrongdoing are generally referred to the OIG via the OIG Hotline, in-person, and via mail, and they come from a variety of sources, including FTC employees, other government agencies, and the general public. The results of OIG investigations that uncover criminal activity or civil violations are referred to the DOJ for consideration for criminal prosecution and/or civil penalties. Investigations that do not substantiate criminal/civil activity, or where criminal prosecution or civil remedies have been declined, are reported to FTC management for appropriate action
- **Whistleblower Protection:** Federal law prohibits governmental personnel from retaliating against an employee who acts as a whistleblower by reporting suspected waste, fraud, or abuse to the OIG. Allegations of whistleblower retaliation are taken very seriously, and both the OIG and the U.S. Office of Special Counsel have the authority to investigate such matters.
- **Evaluations:** The OIG conducts evaluations, including a congressionally mandated annual evaluation of the agency's information security and privacy programs under the Federal Information Security Modernization Act of 2014 ("FISMA"). Evaluations are systematic and independent assessments of the design, implementation, and/or results of the FTC's operations, programs, or policies. They provide information that is timely, credible, and useful for agency managers, policy mak-

ers, and others. Evaluations can be used to determine efficiency, effectiveness, impact, and/or sustainability of agency operations, programs, or policies.

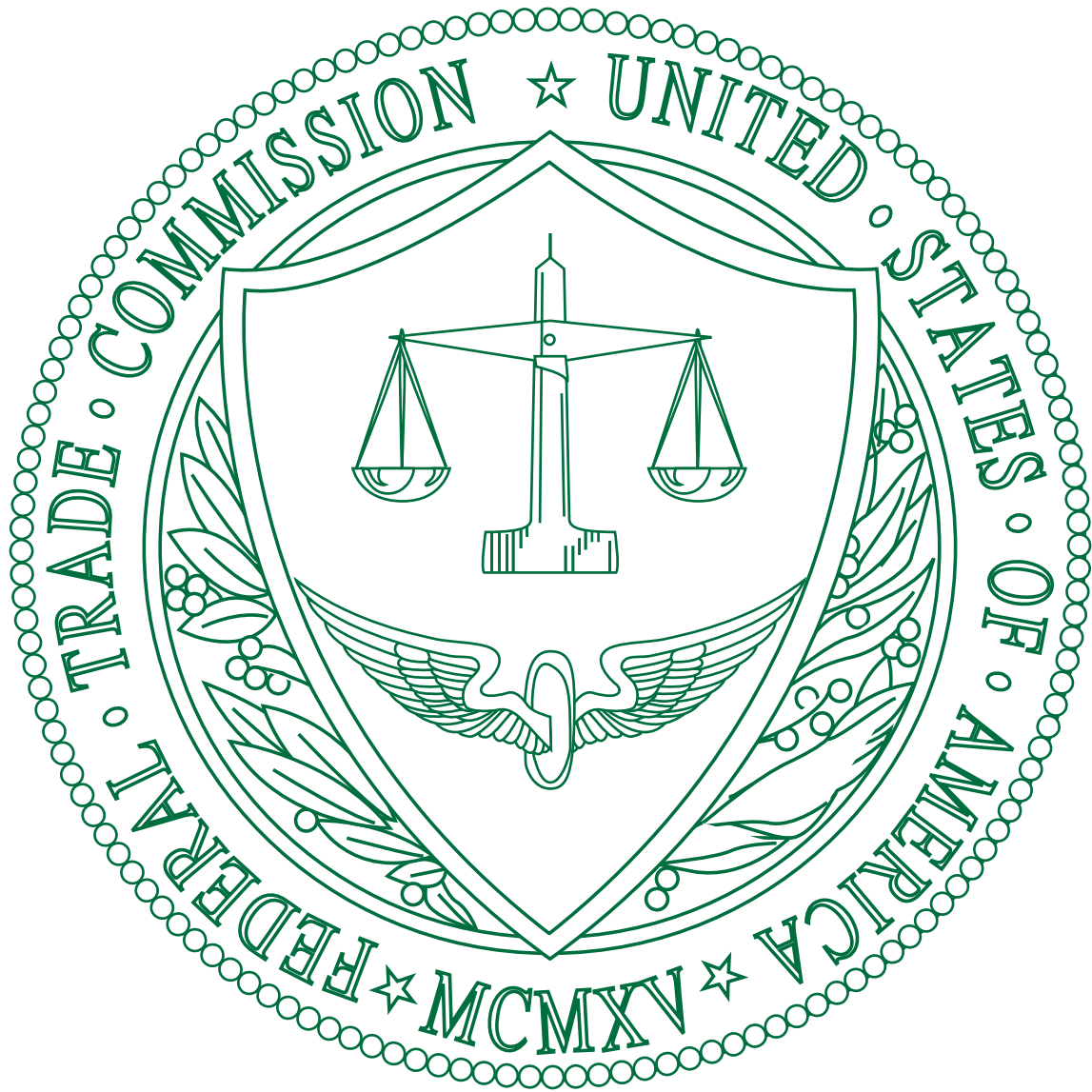
- **Management Advisories:** The OIG issues periodic Management Advisories to inform management expeditiously of findings of systemic weaknesses or vulnerabilities identified during audits, investigations, or other oversight activity. Management advisories typically contain recommendations to address OIG findings, and agency management generally has 60 days to respond to the recommendations.
- **Top Management Challenges:** The Reports Consolidation Act of 2000 requires that the Inspector General provide a summary of the OIG's perspective on the most serious management and performance challenges facing the agency and a brief assessment of the agency's progress in addressing those challenges. Some of these are enduring challenges requiring leadership's continued attention. Others are a priority at this time in the agency's development, but may become a less pressing priority in the future.
- **Congressional Requests and Briefings:** In addition to keeping the Chairperson, Commissioners, and FTC management informed of the OIG's work, the Inspector General Act requires the OIG to keep the appropriate congressional committees and subcommittees informed of its completed audit, evaluation, and investigation work through semiannual reports to Congress. These reports summarize the work the OIG has completed and planned during the reporting period, as well as the status of OIG recommendations to management. Separately, the OIG responds to periodic and standing requests by congressional committees on the status of its open and unimplemented recommendations to FTC management, matters referred to the DOJ for possible prosecution, and any challenges the Inspector General encounters in obtaining timely information from management. The OIG has a standing annual meeting with staffers of the Senate Committee on Commerce, Science, and Transportation to discuss open OIG recommendations and the OIG's annual Management Challenges report.
- **Peer Reviews:** The OIG's investigations and audit functions are subject to triennial external peer reviews conducted under the auspices of the Council of Inspectors General on Integrity and Efficiency (CIGIE), which is an independent entity within the Executive Branch comprised of federal Inspectors General. OIG staff take periodic training in the various OIG disciplines to ensure they and their respective programs adhere to CIGIE and other quality standards that ensure accuracy, objectivity, collaboration with management, and independence.
- **Engagement with the OIG Community:** The OIG is an active participant in CIGIE, whose mission is to address integrity, economy, and effectiveness issues that transcend individual government agencies. Through active participation on the various CIGIE committees, subcommittees, and workgroups, OIG staff learn

of emerging trends and best practices within the OIG community to share within the OIG and with FTC management.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY AND WORKPLACE INCLUSION

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

ADDITIONAL BUDGET EXHIBITS



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Proposed Appropriations Language

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed \$2,000 for official reception and representation expenses, [\$306,317,000] \$306,317,000, to remain available until expended: *Provided*, That not to exceed \$300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718: *Provided further*, That, notwithstanding any other provision of law, not to exceed [\$128,000,000] \$112,700,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: *Provided further*, That, notwithstanding any other provision of law, not to exceed [\$15,000,000] \$15,000,000, in offsetting collections derived from fees sufficient to implement and enforce the Telemarketing Sales Rule, promulgated under the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), shall be credited to this account, and be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year [2017] 2018, so as to result in a final fiscal year [2017] 2018 appropriation from the general fund estimated at not more than [\$163,317,000] \$178,617,000: *Provided further*, That none of the funds made available to the Federal Trade Commission may be used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t).

Program and Financing
(\$ in millions)

Identification Code: 29-0100-0-1-376		FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Obligations by Program Activity:				
0001	Protecting Consumers	183	188	172
0002	Promoting Competition	142	146	134
0192	Subtotal, direct program	325	334	306
0799	Total direct obligations	325	334	306
0803	Reimbursable program	3	3	1
0900	Total new obligations, unexpired accounts	328	337	307
Budgetary Resources:				
Unobligated Balance:				
1000	Unobligated balance brought forward, Oct 1	22	25	...
1021	Recoveries of prior year unpaid obligations	20	3	...
1050	Unobligated balance (total)	42	28	...
Budget Authority:				
Appropriations, discretionary:				
1100	Appropriation	180	163	179
1130	Appropriations permanently reduced	...	...	-1
1160	Appropriation, discretionary (total)	180	163	178
Spending authority from offsetting collections, discretionary:				
1700	Offsetting collections (HSR Fees)	114	128	113
1700	Offsetting collections (Do Not Call Fees)	13	15	15
1700	Offsetting collections (Reimb. Programs)	3	3	1
1701	Change in uncollected payments, Federal sources	1	...	...
1725	Spending authority from offsetting collections precluded from obligation (limitation on obligations)	...	...	...
1750	Spending authority from offsetting collections, discretionary (total)	131	146	129
1900	Budget authority (total)	311	309	307
1930	Total budgetary resources available	353	337	307
Change in Obligated Balances:				
Unpaid Obligations:				
3000	Unpaid obligations, brought forward, Oct 1	92	84	141
3010	New obligations, unexpired accounts	328	337	307
3020	Outlays (gross)	-316	-277	-320
3040	Recoveries of prior year unpaid obligations, unexpired	-20	-3	...
3050	Unpaid obligations, end of year	84	141	128
Uncollected payments:				
3060	Uncollected pymts, Fed sources, brought forward, Oct 1	-1	-2	-2
3070	Change in uncollected pymts, Federal sources, unexpired	-1	...	...
3090	Uncollected pymts, Fed sources, end of year	-2	-2	-2
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	91	82	139
3200	Obligated balance, end of year	82	139	126
Budget Authority and Outlays (net):				
Discretionary:				
4000	Budget authority, gross	311	309	307
Outlays, gross:				
4010	Outlays from new discretionary authority	248	193	204
4011	Outlays from discretionary balances	68	84	116
4020	Outlays, gross (total)	316	277	320
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	-3	-3	-1
4034	Offsetting governmental collections	-127	-143	-128
4040	Offsets against gross budget authority and outlays (total)	-130	-146	-129
Additional offsets against gross budget authority only:				
4050	Change in uncollected pymts, Federal sources	-1	...	...
4070	Budget authority, net (discretionary)	180	163	178
4080	Outlays, net (discretionary)	186	131	191
4180	Budget authority, net (total)	180	163	178
4190	Outlays, net (total)	186	131	191

Object Classification
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Direct Obligations			
Personnel Compensation:			
11.1 Full-time permanent	135	140	140
11.3 Other than full-time permanent	9	9	9
11.5 Other personnel compensation	2	2	2
11.8 Special personal services payments	1	1	1
11.9 Total, Personnel Compensation	147	152	152
12.1 Civilian personnel benefits	46	46	46
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	25	26	26
23.3 Communications, utilities, and miscellaneous charges	4	4	4
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	73	74	53
25.2 Other services	5	5	4
25.3 Purchases of goods and services from government accounts	9	9	7
25.4 Operation and maintenance of facilities	3	3	1
25.7 Operation and maintenance of equipment	2	4	3
26.0 Supplies and materials	1	1	1
31.0 Equipment	7	7	6
99.0 Subtotal, Direct Obligations	325	334	306
Reimbursable Obligations			
Personnel Compensation:			
11.1 Full-time permanent	3	3	1
99.0 Subtotal, Reimbursable Obligations	3	3	1
99.9 Total, New Obligations	328	337	307

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Direct			
1001 Full-time equivalent employment	1,191	1,162	1,140
Reimbursable			
2001 Full-time equivalent employment ¹	1	1	1

¹Includes 1 FTE reimbursed by other federal agencies

Inspector General's Request



Office of the Inspector General

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

May 01, 2017

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 as amended, the Federal Trade Commission's Office of Inspector General submits the following information related to its requested budget for FY 2018:

- The Office of Inspector General (OIG) requests aggregate funding of \$1,674,100 for FY 2018.
- OIG requests \$14,000 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2018.
- OIG requests \$5,000 for support of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The requested amount satisfies all requirements for the OIG's contribution to the CIGIE in FY 2018.

<u>FY 2017 Budget</u> \$ in thousands		<u>FY 2018 Estimate</u> \$ in thousands		<u>Change</u> \$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
7	\$1,644.1	7	\$1,674.1	0	\$30

The OIG plans to request additional FTE during FY 2018 and in the FY 2019 budget cycle to address a significant backlog of unaddressed work. This includes evaluations and audits of the [Top Management Challenges](#) identified by the OIG in FY 2016 (Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise; Accelerating Maturity of the Agency's Information Technology Governance Process; Improving Acquisition Planning and Contract Management; and Acquiring Employee Suitability Determinations); other evaluations bearing on the efficiency, effectiveness, and integrity of FTC activities and programs; tracking management's implementation of legacy OIG recommendations; as well as a backlog of investigative matters. The Digital Accountability and Transparency Act of 2014 (DATA Act) imposed additional reporting requirements on Inspectors General in FY 2017 and thereafter.

Roslyn A. Mazer
Inspector General
Federal Trade Commission