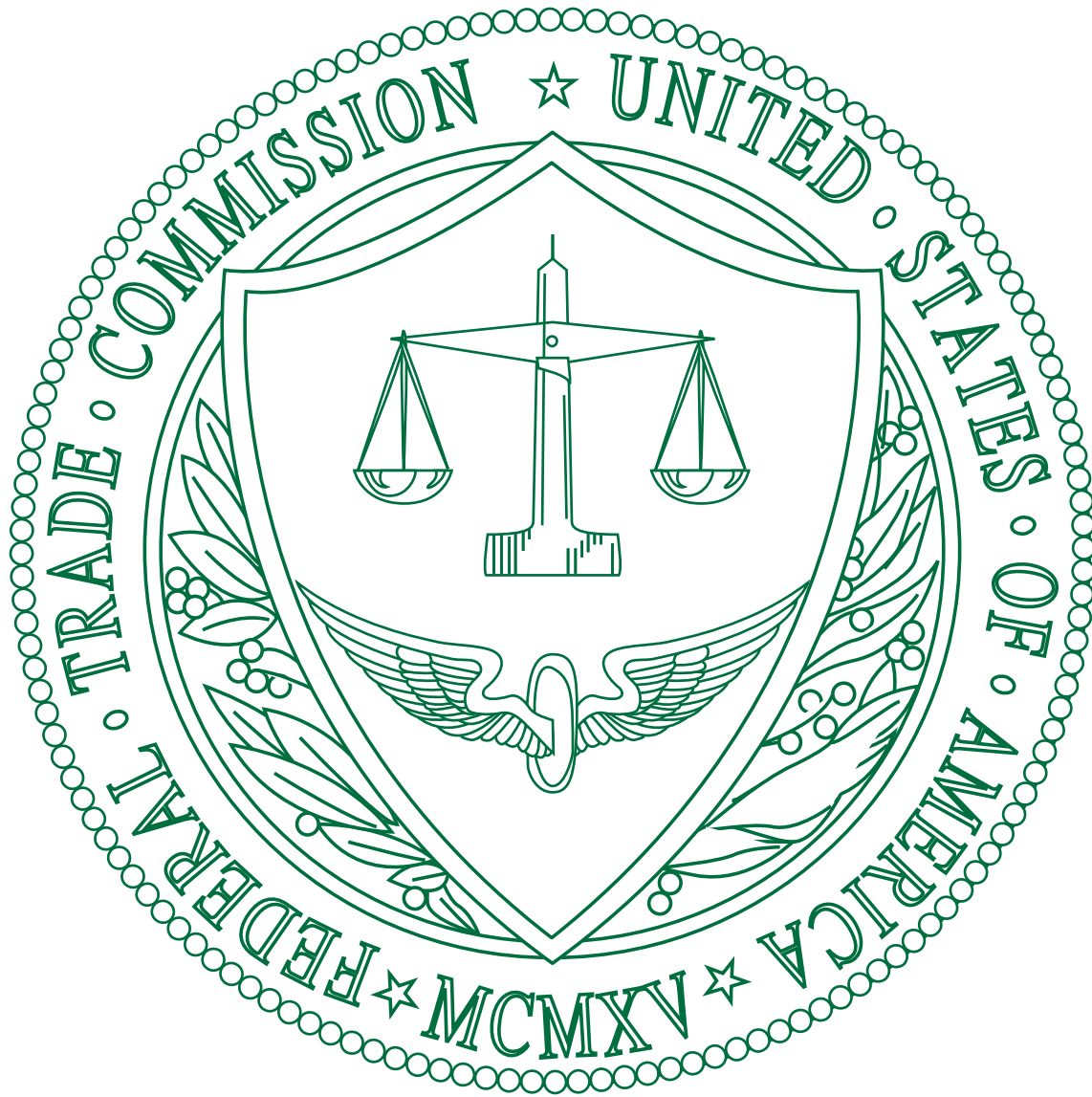


FISCAL YEAR 2015 PERFORMANCE REPORT AND  
ANNUAL PERFORMANCE PLAN  
FOR FISCAL YEARS 2016 AND 2017



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

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

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

Objectives by FTE  
(\$ in thousands)

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

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

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## ABOUT THIS REPORT AND PLAN

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

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

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

### THE FTC AT-A-GLANCE

#### **Laws Enforced**

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

## Profile

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

## AGENCY AND MISSION INFORMATION

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

### Mission

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

### Vision

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

### Our Purpose and History

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

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

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

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

### **Our Organization**

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

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

## Our People

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

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

## PERFORMANCE OVERVIEW

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



## Strategic and Performance Planning Framework

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

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

## Performance Measurement Reporting Process

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

## Performance Goals Overview

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

## Relationship of Outputs to Outcomes

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

## Verification and Validation of Performance Data

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

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

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

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

### **Program Evaluation**

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

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

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

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

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

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

### **Strategic Human Capital Management**

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

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

### **Enterprise Risk Management**

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

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

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

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

## Annual Performance Goals: Fiscal Years 2014 to 2017

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



## Annual Performance Goals: Fiscal Years 2014 to 2017

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

## Annual Performance Goals: Fiscal Years 2014 to 2017

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



# STRATEGIC GOAL 1: PROTECT CONSUMERS

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

## Evaluation and Research

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

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

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

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

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

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

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

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

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

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

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

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

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

### Strategies

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

### FY 2015 Strategic Objective Progress Update

#### Progress made

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

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

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

### Challenges or barriers

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

### Performance Goals

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

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

**Performance Goal 1.1.2**

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

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

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

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



**Key Performance Goal 1.1.3**

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

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

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



**Key Performance Goal 1.1.4**

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

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

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

## Other Indicators

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

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

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

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

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

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

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

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



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

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

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

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

### **Strategies**

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



## **FY 2015 Strategic Objective Progress Update**

### **Progress made**

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

### **Challenges or barriers**

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

## Performance Goals

<b>Performance Goal 1.2.1</b> 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	<b>Data Not Available</b> In FY 2015, the FTC continued to evaluate <a href="http://www.OnGuardOnline.gov">www.OnGuardOnline.gov</a> , a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 73.0%, and the score for <a href="http://www.OnGuardOnline.gov">www.OnGuardOnline.gov</a> was 80.0% for the period October 1, 2014 through January 20, 2015. Due to technical and contractual issues, the OnGuardOnline.gov survey was not available to consumers for the remainder of the fiscal year.
2017	See note*	---	
2016	See note*	---	
2015	73.0%	Data Not Available	
2014	73.0%	79.0%	
2013	73.0%	80.0%	
2012	74.0%	81.0%	
2011	74.0%	81.0%	
2010	74.0%	77.0%	
*Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.			



**Key Performance Goal 1.2.2**

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

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

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

**Performance Goal 1.2.3**

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

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

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

**Performance Goal 1.2.4**

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

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

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

**Other Indicators**

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

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

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

- Social media subscribers and followers. (Input measure)

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

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

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

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

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

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

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

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

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

### Strategies

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

### FY 2015 Strategic Objective Progress Update

#### Progress made

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

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

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

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

### **Challenges or barriers**

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



## Performance Goals

### Performance Goal 1.3.1

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

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

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



### Key Performance Goal 1.3.2

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

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

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

**Performance Goal 1.3.3**

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

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

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

**Performance Goal 1.3.4**

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

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

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

**Other Indicators**

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

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

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

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

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

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

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

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

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

## STRATEGIC GOAL 2: MAINTAIN COMPETITION

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

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

### **Evaluations and Research**

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

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

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

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

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

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

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

### **Strategies**

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



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

## **FY 2015 Strategic Objective Progress Update**

### **Progress made**


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

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

### **Challenges or barriers**

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

## Performance Goals

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

**Performance Goal 2.1.2**

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

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

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



**Key Performance Goal 2.1.3**

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

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

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

**Performance Goal 2.1.4**

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

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

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



### Key Performance Goal 2.1.5

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

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

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

### Other Indicators

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

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

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

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

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

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

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

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



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

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

### Strategies

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

## **FY 2015 Strategic Objective Progress Update**

### **Progress made**

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

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

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

### **Challenges or barriers**

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

## Performance Goals

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

**Performance Goal 2.2.2**

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

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

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

### Performance Goal 2.2.3

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

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

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

### Other Indicators

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

## **FY 2015 Strategic Objective Progress Update**

### **Progress made**

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

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


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

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

### **Challenges or barriers**

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

## Performance Goals

	<p><b>Key Performance Goal 2.3.1</b>            Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes. (Output measure)</p> <p><i>This goal tracks the number of cases in which foreign antitrust authorities followed consistent analytical approaches and reached compatible outcomes as a percentage of the total number of cases in which the FTC's cooperation involved at least one substantive contact.</i></p>		
<b>Fiscal Year</b>	<b>Target</b>	<b>Actual</b>	<p><b>Target Met/Exceeded</b>            In FY 2015, the FTC had 64 substantive contacts in 35 enforcement matters with counterpart agencies around the world including Australia, Belgium, Brazil, Canada, China, the European Union, Japan, Korea, Mexico, New Zealand, Pakistan, South Africa, Taiwan, Ukraine, and the United Kingdom. Those agencies reached compatible outcomes in all of the cases that were completed within the fiscal year. While the FTC will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies begin to assert their jurisdiction.</p>
2017	95.0%	---	
2016	95.0%	---	
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
2017	120	---	<p>In FY 2015, the FTC provided policy advice to foreign competition agencies in 109 instances through consultations, written submissions, or comments. The FTC's policy advice remains highly regarded and sought after by new and more experienced competition agencies and by participants in international competition organizations and conferences. Also in FY 2015, the agency conducted 30 technical assistance missions, hosted three officials, and sent two FTC officials to foreign agencies as part of our International Fellows Program, in support of the competition mission.</p> <p>*Previously tracked as two separate performance measures – policy advice provided and technical assistance provided - these two performance measures were combined into a single performance goal starting in FY 2014.</p>
2016	120	---	
2015	120	144	
2014	120	161	
2013	70	134	
2012	70	173	
2011	50	139	
2010	50	136	

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

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

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

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## STRATEGIC GOAL 3: ADVANCE ORGANIZATIONAL PERFORMANCE

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

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

### Evaluations and Research

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



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

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

### OBJECTIVE 3.1: OPTIMIZE RESOURCE MANAGEMENT AND INFRASTRUCTURE.

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

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

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

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

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

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

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

## Strategies

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

## FY 2015 Strategic Objective Progress Update

### Progress made

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

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

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

### Challenges or barriers

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

### Performance Goals

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

<b>Performance Goal 3.1.1</b>		
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>		
<b>Fiscal Year</b>	<b>Target</b>	<b>Actual</b>
2017	75.0%	---
2016	75.0%	---
2015	75.0%	90.0%
2014	75.0%	85.0%
2013	75.0%	85.0%
2012	75.0%	90.0%
2011	75.0%	75.0%
2010	75.0%	85.0%

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

**Performance Goal 3.1.2**

Availability of information technology systems. (Outcome measure)\*

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

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

**Performance Goal 3.1.3**

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

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

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

### Performance Goal 3.1.4

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

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

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

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

### Other Indicators

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

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

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

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



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

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

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

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

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

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

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

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

## Strategies

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

## FY 2015 Strategic Objective Progress Update

### Progress made

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

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

### Challenges or barriers

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

### Performance Goals

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

**Performance Goal 3.2.1**

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

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

**Key Performance Goal 3.2.2**

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

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

**Performance Goal 3.2.3**

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

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

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

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



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## OTHER INFORMATION

### **Major Management Priorities and Challenges**

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

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

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

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

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

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

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

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

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

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

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

### **Agency Progress in Addressing the Challenge**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

### **Agency Progress in Addressing the Challenge**

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

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

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

### **Management Challenge: Improving Contract Management**

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

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

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

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

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

### **Agency Progress in Addressing the Challenge**

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

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

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

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

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

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

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

### **Management Challenge: Stabilizing the Agency's eDiscovery Support System**

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



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

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

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

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

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

### **Agency Progress in Addressing the Challenge**

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

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

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

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

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

### **Management Challenge: Ensuring Compliance with Digital Records Management Requirements**

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

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

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

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

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

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

### **Agency Progress in Addressing the Challenge**

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



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

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

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