# FEDERAL TRADE COMMISSION

## FISCAL YEAR 2005
## CONGRESSIONAL JUSTIFICATION

# Budget Summary

## Table of Contents

# Federal Trade Commission
# Fiscal Year 2005 Overview Statement

This statement supports the Federal Trade Commission's (FTC) FY 2005 budget request of $205,430,000 and 1,094 FTE. These amounts represent increases of $19,389,000 and 20 FTE over the FTC's FY 2004 appropriation (HR 2673).

## MISSION

The FTC is the only Federal agency with jurisdiction to enhance consumer welfare and protect competition in broad sectors of the economy. It enforces the laws that prohibit business practices that are anticompetitive, deceptive, or unfair to consumers, and seeks to do so without impeding legitimate business activity. The FTC also promotes informed consumer choice and public understanding of the competitive process. The agency's work is critical in protecting and strengthening free and open markets in the United States and, increasingly, the world.

## HIGHLIGHTS OF FY 2003 ACCOMPLISHMENTS

The FTC is a small agency but one that has a major impact on consumers and the marketplace. Its accomplishments demonstrate a significant return-on-investment for consumers and businesses alike. Noteworthy accomplishments of the past year include:

- **Do Not Call – Stopping Unwanted Telemarketing Calls.** At a Rose Garden ceremony in June 2003, the President announced the opening of the FTC's National Do Not Call Registry. Through this registry, subsequently adopted by the Federal Communications Commission, consumers can elect not to receive telephone solicitations from telemarketers. Telemarketers are required to scrub their calling lists to remove any telephone numbers included in the registry. Registration is free to consumers; the registry will be paid for by fees collected from telemarketers that use the registry. Through December 2003, the registry logged more than 55 million telephone numbers. In the months and years ahead, the FTC will monitor compliance by telemarketers and bring any needed enforcement actions.

- **Redress Orders – Money Ordered to Be Returned to Consumers.** The FTC attacked fraud and deception in FY 2003. The FTC filed 87 complaints in federal district court, obtained 95 federal court judgments ordering $873 million in consumer redress, and obtained 18 orders assessing $2.8 million in civil penalties. The total redress ordered greatly exceeds the aggregate consumer redress ordered in FTC cases in FY 2002 ($155 million) and FY 2001 ($252 million) combined.

- **Pharmaceuticals – Protecting the Availability of Lower-Cost Prescription Drugs.** The FTC has engaged in a host of activities to ensure the prompt availability of lower-cost prescription drugs to consumers. For example, the Commission obtained settlements to prevent anticompetitive effects of three major pharmaceutical industry mergers, including the $60 billion combination of Pfizer Inc., the largest pharmaceutical company in the world, and Pharmacia Corporation, in which the Commission's action protected competition in nine separate and wide-ranging product markets. The Commission also has brought law enforcement actions to prevent actions by branded drug manufacturers to delay or obstruct the entry of lower-cost generic drugs on the market, and provided comments to the Food and Drug Administration on the potential for misusing Hatch-Waxman Act procedures governing the entry of generic drugs, based on the findings of an in-depth FTC study. In June 2003, the FDA adopted a new rule, incorporating certain FTC recommendations, that promotes the timely approval of low-cost generic drug alternatives. In December 2003, Congress passed the Medicare Prescription Drug Improvement and Modernization Act which made changes in the FDA's final rule, consistent with the findings of the FTC study.

- **Home Mortgages – Stopping Deceptive or Abusive Lending Practices.** The FTC continued to attack deceptive or abusive lending practices targeted toward the most vulnerable groups in our population. In May 2003, a federal court finalized a settlement with The Associates, now owned by Citigroup, Inc., to resolve FTC charges of deceptive subprime mortgage lending practices. The settlement is expected to provide $215 million in redress to approximately 850,000 homeowners. A related class action settlement is expected to yield an additional $25 million.

  The Associates is just one in a series of cases in which the FTC has pursued such pernicious practices. The FTC also challenged the lending practices of First Alliance Mortgage Company (FAMCO). In November 2002, the FTC received its first redress payment in FAMCO. Those monies were distributed to nearly 28,000 consumers within 45 days of receipt. Currently, the Commission is preparing a second distribution to borrowers. Ultimately, the Commission expects to distribute at least $63 million of redress in FAMCO.

  Other cases include the Commission's ongoing litigation against Capital City Mortgage Corp. and a proposed agreement with Fairbanks Capital Holding Corp. The proposed Fairbanks agreement, announced in November 2003, settles allegations of various unfair, deceptive, and illegal practices in the servicing of subprime mortgage loans.

- **Spam - Protecting E-mail through Research, Education, and Law Enforcement.** In April 2003, the FTC conducted a three-day public forum that examined the proliferation of, and potential solutions to, spam and released a report that found that more than 66 percent of examined spam contained elements of obvious deception. The FTC has targeted deceptive spam for aggressive law enforcement actions, including one in which an innocent-appearing spam message led consumers, including children, to sexually explicit material. To address spam more broadly, the FTC has created a Federal/State Spam Task Force with state and federal law enforcement partners. This Task Force provides a forum for members to address the interstate and international nature of spam and the latest spamming technology, spammer ploys, and investigational techniques. The FTC also educated consumers and businesses about steps they can take to reduce the amount of spam they receive.

- **Internet – Protecting E-Commerce.** The Internet holds great promise as an efficient marketplace for the sale of goods and services to consumers worldwide, but it also has presented some new competition and consumer protection issues. In response, the FTC has brought more than 300 cases to help keep e-commerce free from fraud, deception, and unfair practices. During FY 2003, the Commission brought 58 cases involving fraudulent or deceptive marketing practices related to the Internet. The agency also has formed an Internet Task Force to explore these issues. So far, the Task Force has analyzed state regulations that may restrict the entry of new Internet competitors and hosted public workshops on potential anticompetitive barriers to e-commerce.

- **Energy – Preventing Anticompetitive Gasoline Prices.** The energy market is a vital sector of the U.S. economy. In FY 2003, the FTC issued a complaint against the Union Oil Company of California that, according to the complaint, could save consumers hundreds of millions of dollars per year in gasoline purchases. In November 2003, an FTC Administrative Law Judge dismissed the complaint. This matter is currently on appeal before the Commission. The Commission also continued its merger enforcement activity in energy markets, including a consent order designed to preserve competition in the market for the delivery of natural gas to the Kansas City area following the sale of a major Midwestern natural gas pipeline.

- **Intellectual Property (IP) – Keeping Pace with Market Innovations.** The FTC recognizes the importance of applying the most current knowledge about evolving markets to its enforcement policies. For example, the FTC and the Department of Justice (DOJ) concluded a series of hearings on "Competition and Intellectual Property Law and Policy in the Knowledge-Based Economy" responding to the growth of the knowledge-based economy, and to harmonize requirements under both IP and antitrust law to fulfill their common goal of promoting innovation. These hearings, which took place over 24 days, and involved more than 300 panelists, formed the basis for an FTC report issued in October 2003 entitled, "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy." This report offers recommendations for the patent system and describes the FTC's plans and proposals to facilitate increased communication between antitrust agencies and patent institutions.

- **Law Enforcement Sweeps.** The FTC leveraged its resources through coordinated actions with other law enforcement agencies against specific types of fraud and deception. In FY 2003, the FTC and more than 100 law enforcement partners targeted Internet scams, charitable fundraising scams, Internet auction fraud, and international drivers permit scams. These sweeps resulted in nearly 175 law enforcement actions, including 30 FTC cases.

- **Consumer Privacy.** Consumer complaints and inquiries to the FTC regarding identity theft have risen from 36,000 in FY 2000 to 321,000 in FY 2003. The identity theft reports and other information collected from these calls are made available through Consumer Sentinel to more than 840 of the FTC's law enforcement partners. To help consumers avoid or recover from identity theft, the FTC has distributed more than 1.3 million print copies of the FTC brochure "Identity Theft: When Bad Things Happen to Your Good Name" and recorded more than 1.3 million "inquiries" to the electronic version of the brochure on the FTC's Web site. To assist consumers further, the FTC has developed a universal ID Theft Affidavit – a standard form accepted by all three major credit reporting agencies and other creditors from victims seeking to report fraudulent accounts opened in their names. The brochure and the affidavit also are available in Spanish. In May 2003, after encouragement from the FTC, the three major credit reporting agencies implemented a one-call system enabling consumers to secure copies of their credit reports and have fraud alerts placed on their files at each of the credit reporting agencies.

The FTC also brings law enforcement actions to protect consumer privacy. In FY 2003, the agency settled charges that Microsoft Corporation had misrepresented the measures it used to collect and maintain the security of personal information collected through its Passport Web services. Since October 2002, the FTC has announced settlements with three companies that allegedly collected extensive personal information from millions of high school students and then sold that information to commercial marketers, despite promising the information would be shared only with colleges, universities, and other education-related service providers.

## PLANNED ACTIVITIES IN FY 2004 AND BEYOND

Over the next few years, the FTC will continue to devote resources to significant law enforcement and policy initiatives that have a major impact on behalf of consumers.

**CONSUMER PROTECTION MISSION.** Through its Consumer Protection Mission, the FTC focuses broad efforts to fight consumer fraud, deception, and unfair practices and to protect consumer privacy, including fighting identity theft and deceptive spam.

**New Legislative Initiatives.** Three recently enacted bills in FY 2004 impose substantial new obligations on the FTC in addressing spam, consumer credit, identity theft, and non-federally insured depository institutions. The three bills include the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM Act”) (Public Law 108-187), the Fair and Accurate Credit Transactions Act of 2003 (“FACT Act”) (Public Law 108-159), and a provision in the Consolidated Appropriations Act of 2004 (HR 2673) lifting a decade-old ban on the FTC obligating funds for expenses to implement section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”). The study, rule making, and enforcement workload imposed on the FTC by these bills is extensive and cannot be effectively performed within the FTC’s currently appropriated resource levels without significantly reducing other critical consumer protection and antitrust activities.

**Fraud and Deception.** The FTC will continue to target the most prevalent consumer frauds by drawing from Consumer Sentinel, the agency’s consumer complaint database, and Internet “surfs” and “sweeps” that ferret out specific claims and solicitations that likely deceive consumers and violate the law. In FY 2003, in five sweeps targeting Internet scams, fund raising fraud, international driver license scams, and Internet auction fraud, the FTC and its law enforcement partners brought more than 175 actions, including 30 cases brought by the FTC itself. Thus, the FTC continues to leverage its resources effectively – for every case the FTC brought, its law enforcement partners brought nearly six.

**Health Fraud.** Stopping fraudulent and deceptive health claims will continue to be a priority for the FTC’s advertising program. Over the last decade, the FTC brought more than 80 law enforcement actions against false or unsubstantiated claims about the efficacy or safety of a wide variety of dietary supplements. The FTC also has brought more than 100 cases challenging misleading claims for all types of weight loss products, including over-the-counter supplements, commercial weight loss centers, weight loss devices, and exercise equipment. In July 2003, the FTC announced the results of recent efforts to crack down on unfounded claims about the benefits and safety of dietary supplements and other health-related products. In the six months preceding the announcement, the Commission filed or settled 17 enforcement actions against parties engaged in false or misleading advertising of dietary supplements and other products deceptively marketed for their purported ability to treat or cure a wide variety of health conditions. The FTC estimates that these actions targeted products with a total of more than $1 billion in consumer sales. The FTC works closely with the U.S. Food and Drug Administration in these efforts.

**Consumer Privacy.** Privacy continues to be an important part of the FTC agenda. The new legislative initiatives, including the FACT Act, focus the agency on consumer privacy issues. Future FTC privacy efforts also will include enforcement of the Do Not Call initiative to ensure that consumers do not receive unwanted telemarketing phone calls.

**Spam.** Unsolicited commercial e-mail, or spam, is another growing threat to consumer privacy. The FTC will continue to address spam through law enforcement efforts, consumer and business education, and research. In December 2003, Congress enacted the CAN-SPAM Act, which sets forth additional civil and criminal penalties for deceptive or fraudulent spam. The CAN-SPAM Act also requires the FTC to conduct several reports and rulemakings. The FTC will focus on deceptive spam including the practice of "phishing." Phishing is a high-tech scam that uses spam to deceive consumers into disclosing their personal financial information. The emails pretend to be from businesses the potential victims deal with - for example, their Internet service provider, online payment service, or bank. The fraudsters tell recipients that they need to "update" or "validate" their billing information to keep their accounts active, and direct them to a "look-alike" Web site of the legitimate business, further tricking consumers into thinking they are responding to a bona fide request. Unknowingly, consumers submit their financial information - not to the businesses - but the scammers, who use it to order goods and services and obtain credit.

**Criminal Liaison Unit.** In December 2003, the FTC formed a Criminal Liaison Unit ("CLU") to enhance coordination between the agency and criminal law enforcement partners. Greater coordination and increased sharing of information should lead to increased criminal prosecution of consumer fraud matters. During FY 2004 the CLU will focus on three fronts: outreach, training, and case specific support.

**Cross Border Fraud.** The telemarketing and Internet markets have no national boundaries. As a result, cross-border fraud is a growing problem that harms consumers and businesses worldwide. The FTC has found that approximately 14 percent of the complaints collected in Consumer Sentinel involve a cross-border element. In response, the FTC is increasing cooperative efforts with law enforcement authorities around the globe to fight cross-border fraud. The FTC has already entered into bilateral agreements with Australia, Canada, and the U.K., and participates in a network of consumer protection enforcement officials from more than 30 countries. Further, the FTC is a key player in the Organization for Economic Coordination and Development's (OECD) Committee on Consumer Policy. The FTC is seeking legislation to improve its tools for identifying and challenging cross-border law violations, including deceptive spam.

**Outreach to Specific Consumer Groups.** The FTC will continue to focus its activities on several specific consumer groups through outreach, education, and law enforcement actions.

- ***Spanish-speaking consumers.*** The FTC will continue a recently instituted Hispanic Outreach Program that includes the creation of dedicated space on the FTC Web site titled "*Protection Para el Consumidor*" and the development of an on-line Spanish language consumer complaint form. To date, the FTC has translated more than 65 consumer and business education pieces into Spanish and during FY 2003, the FTC distributed nearly 500,000 print and electronic Spanish-language publications.

- The FTC also will continue to bring law enforcement actions against alleged violations affecting Spanish-speaking consumers.

- ***Children.*** The FTC maintains an active program to monitor, report on, and provide educational materials about marketing that affects children. The FTC also focuses on children's interests through its responsibilities under the Children's Online Privacy Protection Act (COPPA). In October 2003, the FTC hosted a one-day public workshop to examine issues relating to the marketing of violent entertainment to children and released a nationwide undercover survey of stores and theaters.

**MAINTAINING COMPETITION MISSION.** The Maintaining Competition Mission divides its activities into merger and nonmerger programs. Although merger work dominated during the 1990s, the recent reduction in the number of premerger filings required under the Hart-Scott-Rodino Act (HSR) has allowed the FTC to return more resources to nonmerger work and bring the two programs into better balance. The nonmerger program focuses on anticompetitive horizontal restraints, distribution arrangements, and single firm practices. In FY 2002 and 2003, the FTC opened well over 100 nonmerger investigations, and the Commission brought 26 nonmerger enforcement actions in FY 2003 alone, the most since 1980.

In upcoming fiscal years, the FTC will continue to concentrate on the segments of the economy that have the biggest impact on consumers, which currently include health care, energy, and technology-related markets, and on conduct that poses the largest threat to consumer welfare. The agency will also continue to take full advantage of the uniquely broad set of powers and capabilities that Congress has entrusted to it, including law enforcement, research and reporting, and advocacy on behalf of consumers and competition. In particular, given the agency's current initiatives, its use of administrative adjudication will likely continue at a high level in the coming years.

**Health Care.** The health care sector is enormously important to consumer budgets. Health-related products and services account for more than 15 percent of GDP, and that share has grown by 25 percent since 1990. Without a continued program of effective antitrust enforcement, consumer health care costs undoubtedly would be even greater.

- ***Prescription Drugs.*** The FTC has a major initiative underway to ensure that the availability to consumers of lower-cost generic drugs is not illegally blocked by competitors. In December 2003, the Commission issued an adjudicative opinion ruling that Schering-Plough Corporation (Schering), Upsher-Smith Laboratories, Inc. (Upsher), and American Home Products (AHP) entered into illegal agreements in 1997 and 1998 to delay the entry of lower-cost generic competition for Schering's prescription drug K-Dur 20, which is used to treat people with low potassium. The Commission's opinion, which addressed significant policy issues at the intersection of patent law and antitrust law, concluded that Schering and its potential generic competitors, Upsher and AHP, had settled patent litigation with terms that included unconditional payments by Schering in return for agreements to defer introduction of the generic products. The Commission held that these provisions were unfair methods of competition, and entered an order barring similar conduct in the future.

- ***Health Care Providers.*** Collusive conduct among doctors can harm individual patients and health plans by depriving them of competition in the purchase of physician services. During FY 2003, the FTC settled with nine groups of physicians for allegedly colluding to raise consumer costs and issued administrative complaints against two others. Many of these cases involved significant numbers of doctors, e.g., more than 1,000 doctors in the Dallas-Fort Worth area, more than three-quarters of all doctors in the Carlsbad, New Mexico area, and an organization consisting of more than 1,500 doctors in the San Francisco area. Additional investigations, as well as the cases in litigation, continue.

- ***Health Care Mergers.*** The FTC continues to review proposed mergers in the health care sector to ensure that they are not anticompetitive. During 2003, for example, the FTC took actions to prevent mergers of pharmaceutical firms from harming competition in markets for drugs that treat overactive bladder conditions, symptoms of menopause, skin conditions, coughs, motion sickness, erectile dysfunction, rheumatoid arthritis, Crohn's disease, psoriatic arthritis, side effects of chemotherapy, and three different veterinary conditions. Also included were markets for cervical cancer screening tests, a general anesthetic commonly used for the induction and maintenance of anesthesia during surgery, and the market for new injectable iron replacement therapies used to treat iron deficiency in patients undergoing hemodialysis.

- ***Hearings.*** To explore developments in the dynamic health care market, the FTC, working with DOJ's Antitrust Division, recently conducted a series of hearings on "Health Care and Competition Law and Policy." The 27 days of hearings focused on a wide range of health care issues, involving hospitals, physicians, insurers, pharmaceuticals, long-term care, Medicare, and consumer information, among others. The FTC staff is now completing a detailed report on the hearings and will use the knowledge gained to guide future enforcement efforts.

**Energy.** Fuel price increases directly and significantly affect businesses of all sizes throughout the U.S. economy and strain consumer budgets. Continued FTC oversight is necessary to help identify and prevent anticompetitive activity in this market.

- ***Merger Enforcement.*** The FTC has investigated numerous oil and gas mergers over the past several years. When a potential harm to consumers is found, the FTC has insisted on remedial divestitures. In the most recent case, in May 2003, the agency obtained a consent order to preserve competition for the pipeline delivery of natural gas to the Kansas City area. Absent the settlement, the transaction would have placed the pipelines under common ownership, management, and control, thereby eliminating direct competition between them, and likely resulting in consumers' paying higher prices.

- ***Gasoline Monopolization Case.*** In March 2003, the Commission issued an administrative complaint alleging that Union Oil Company of California (Unocal) manipulated the process through which the California Air Resources Board set regulations for the formulation of low-emissions gasoline. According to the complaint, by not disclosing pending patent claims and by conveying a false impression that it would not assert proprietary interests in certain emissions research data, Unocal acquired monopoly power over the technology used to produce specialized gasoline required for summertime use in California. Unocal's conduct allegedly costs California consumers hundreds of millions of dollars per year in higher gasoline prices. The matter is currently on appeal to the Commission following an Administrative Law Judge's dismissal of the complaint.

- ***Gasoline Price Monitoring.*** The FTC tracks retail gasoline prices in 360 cities nationwide and wholesale prices in 20 major urban centers to alert staff to unusual changes in gasoline prices, so that further inquiry can be undertaken expeditiously. When price increases appear not to have market-driven causes, the FTC staff consults with appropriate federal and state authorities to discuss the situation and the appropriate course for any further inquiry, including a law enforcement investigation.

**High Technology.** In addition to bringing enforcement actions in high tech areas, the FTC is studying the impact of the Internet and intellectual property on competition law and policy. The agency has paid particular attention to standard-setting processes to ensure they are not abused. As technology advances, efforts to establish industry standards for the development and manufacture of new products will increase. Standard setting is most often procompetitive, but abuses in the process can seriously harm robust and efficiency-enhancing competition in high tech markets. In one matter currently in litigation, the complaint alleges that Rambus, Inc. acquired monopoly power over a common form of computer memory by failing to disclose to a standard-setting organization that it owned the patent rights relevant to the standard under consideration. The complaint asserts that, absent FTC intervention, Rambus eventually could have enriched itself unfairly by more than a billion dollars – at consumers' expense.

**International Competition.** The FTC is working with competition agencies worldwide to address and minimize policy divergences to ease burdens on firms that operate on a global basis. Given international differences in laws, cultures, and priorities, complete policy convergence on antitrust policy is unlikely in the foreseeable future. Nonetheless, the agencies have found significant areas of agreement through participation in international bodies. Two key venues for competition officials to work toward a consensus on proposals for procedural and substantive convergence are the Organization for Economic Coordination and Development (OECD) and the International Competition Network, a group launched two years ago by the FTC, DOJ, and 12 other competition agencies from around the world.

**Administrative Litigation.** At the end of FY 2003, with nine cases pending, the FTC was engaged in more administrative litigation involving competition matters than at any time in recent memory. The heavy administrative litigation workload is a result of the FTC's increased focus on consummated merger transactions following the revision in HSR filing thresholds and a significantly greater emphasis on the nonmerger side of the mission, which typically has produced most of the administrative litigation. Antitrust litigation, whether in an administrative proceeding or in federal court, requires major expenditures for travel, stenographic reporting, and expert witnesses, in addition to significant staff time.

- ***Mergers Not Reportable Under HSR.*** The revised HSR filing thresholds exempt many transactions from premerger notification and waiting period requirements, but not from other antitrust laws. Monitoring merger activity that is not subject to premerger filing requirements under HSR, but could still be anticompetitive, is difficult but necessary. Consummated mergers are not only more difficult to discover than those reported under HSR, but fashioning effective remedies when assets have been consolidated also can present a significant challenge. In one example, MSC Software Corporation agreed to settle an administrative challenge to its 1999 acquisitions of two competing suppliers of specialized software used in the aerospace and automotive industries by licensing its version of the software to one or two FTC-approved acquirers.

- ***Nonmerger Matters.*** The FTC increasingly investigates matters involving cutting-edge legal issues. These cases can add clarity to legal standards and provide benefits to businesses and consumers alike. For example, the Commission issued three administrative complaints alleging price fixing by associations of household goods movers, which involve questions of whether certain state regulatory activities are sufficient to supplant the applicability of antitrust law. Two of these complaints were settled with the issuance of consent orders on December 4, 2003, and the third remains in administrative litigation.

**Enforcement of FTC Merger Orders.** The FTC also must devote resources to ensure compliance with Commission orders that protect competition. In March 2003, a federal judge fined Boston Scientific Corporation (BSC) for violating a licensing requirement in a merger settlement involving medical technology used to diagnose and treat heart disease. Finding that BSC "acted in bad faith" and took an "obstreperous approach" to its obligations, the court assessed a civil penalty of more than $7 million, the largest civil penalty ever ordered for violation of an FTC order, statute, or rule.

## NEEDED RESOURCES - FY 2005

The FTC's net budget request for $205,430,000 supports 1,094 FTE. The increase of $19,389,000 and 20 FTE over the FY 2004 appropriation includes -

$10,899,000 for mandatory costs consisting of:

- $6,570,000 for inflation-based salary and contract expenses;
- $2,000,000 for Do Not Call enforcement costs;
- $1,319,000 for Consumer Response Center and technology infrastructure; and,
- $1,000,000 for e-government initiatives including rule making, human resources, travel and core financial management systems.

$8,500,000 for the costs of new legislation such as the CAN-SPAM Act, FACT Act, and FDICIA:

- $6,180,000 in non-personnel costs for studies, reports, rule making, and enforcement; and,
- $2,320,000 for 20 new FTE associated with these new legislative mandates.

**Inflation-based salary and contract expenses [$6,570,000].** These expenses include **-**
- The annualized cost of the January 2004 pay increase, and nine months cost of the January 2005 pay raise [$4,699,000].
- One less work day than in FY 2004 [- $428,000].
- Upward grade classifications pursuant to 5 C.F.R. 531.401 et seq. [$1,135,000].
- Contract cost increases [$1,164,000].

**Do Not Call enforcement costs [$2,000,000].** These funds are needed to meet a high level of Do Not Call and Telemarketing Sales Rule registrations by citizens wishing to opt out of receiving telemarketing calls, to ensure that telemarketers can access the registration data as frequently as may be necessary, and to meet the number of expected enforcement activities that may also include tracking defendants located abroad.

**Consumer Response Center and technology infrastructure [$1,319,000].** The FTC's Consumer Response Center is receiving a markedly rising number of toll-free calls from consumers, particularly related to Identity Theft complaints. This increased volume results in a larger database of consumer fraud information, which the FTC makes available through secure automated systems to its local, state, federal, and international law enforcement partners.

**E-government initiatives including rule making, human resources, travel and core financial management systems [$1,000,000].** The Administration is in the process of consolidating government-wide the number of regulation, human resources, travel and financial management systems. This consolidation is intended to eliminate the redundant costs of maintaining hundreds of such systems doing similar functions. Further, the current host-provided system platforms providing the FTC with human-resource and financial management support are based on antiquated technology that must be significantly upgraded and enhanced. A pro-rata portion of the significant cost of these improvements will be passed onto the FTC.

**Non-personnel costs for CAN-SPAM Act, FACT Act, and FDICIA studies, reports, rule making, and enforcement [$6,180,000].** Three recently enacted bills impose substantial new obligations on the FTC in addressing spam, consumer credit, identity theft, and non-federally insured institutions. The three bills include the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM Act") (Public Law 108-187), the Fair and Accurate Credit Transactions Act of 2003 ("FACT Act") (Public Law 108-159), and a provision in the Consolidated Appropriations Act of 2004 (HR 2673) lifting a decade-old ban on the FTC obligating funds for expenses to implement section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"). The study, report, rule making, and enforcement workload imposed on the FTC by these bills is extensive and cannot be effectively performed within the FTC's currently appropriated resource levels without significantly reducing other critical consumer protection and antitrust activities.

**20 new FTE [$2,320,000].** The one-time and continuing workload impact of new legislation is extensive and will have a Commission-wide impact. The Acts identified above require more than 30 new FTC regulations, guidelines, studies, and reports. In addition, the FACT Act makes the FTC a participant in the newly created Financial Literacy and Education Commission. Also, the FDICIA provisions require the FTC to develop and enforce disclosure and other requirements for non-federally insured depository institutions, and to enforce audit requirements for their insurers, requirements for which the agency has no prior experience nor available resources. These are not the only new legislative mandates imposed on the FTC, though they are the most extensive. Other new legislation imposes additional unanticipated obligations on the FTC, including studies, reports and other activities involving competition. The Medicare Prescription Drug, Improvement, and Modernization Act (Public Law 108-173) provides for submission for agency review of certain contracts between pharmaceutical companies, and requires a study of pharmacy benefit manager practices. The Fairness to Contact Lens Consumers Act (Public Law 108-164) requires a study of competition in the sale of contact lenses. Within the FTC, 7 FTE will be distributed to the Bureau of Consumer Protection, 4 FTE to the Office of the Executive Director (primarily for information technology support and security), 3 FTE to the Bureau of Economics, 2 FTE each to the Bureau of Competition and Regional Offices, and 1 FTE each to the Offices of General Counsel and Legislative Affairs.

## OFFSETTING COLLECTIONS

This submission assumes total offsetting collections from Hart-Scott-Rodino filing fees and Do Not Call fees will provide the FTC $170,000,000 in FY 2005. The FTC assumes the $35,430,000 difference between offsetting collections and the agency's $205,430,000 request will be funded through a direct appropriation.

### Hart-Scott-Rodino (HSR) Premerger Filing Fees

This submission assumes offsetting HSR fee collections will provide the FTC $150,000,000 in FY 2005. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public Law 106-553). While the level of HSR fees collected in recent years has declined, FY 2004 collections through December 2003 are 24% higher then collections through December 2001, and 49% higher then collections through December 2002.

### Do Not Call Fees

This submission assumes offsetting collections of $20,000,000 from Do Not Call fees. The fees, first collected in FY 2003, and based on FTC established rates, will be used to maintain and enforce a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers, and to carry out other Telemarketing Sales Rule activities.

## FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

Section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") amends the Federal Deposit Insurance Act (FDIA), establishing a number of requirements for depository institutions without federal deposit insurance (such as certain state-chartered credit unions) and for their insurers. The section makes the FTC responsible for implementing and enforcing all these provisions.

Through FY 2003, appropriation language has barred the FTC from implementing these requirements. In FY 2004, the FDICIA provision in the FTC's appropriation language was changed to remove the implementation bar for most provisions, but retained it for a few provisions. For FY 2005, in addition to the bar on those few provisions, the FTC is requesting the restoration of the bar for several additional provisions.

Briefly, under section 151, a non-federally insured depository institution must disclose the lack of federal insurance. Such an institution may not receive any deposit without first having obtained a signed acknowledgment from the depositor of receipt of the disclosure. A specially enacted alternative disclosure scheme for existing customers has long since expired. In addition, such an institution may not use any means of interstate commerce (such as telephone, mail, or Internet) in taking deposits unless its state supervisor has determined that it meets all eligibility requirements for federal deposit insurance (the "shutdown provision"). Section 151 also imposes audit requirements (including regarding loss reserves) and business plan requirements on non-federal insurers of those depository institutions. Section 151 applies not only to depository institutions such as non-federally insured credit unions, but to any other deposit-receiving entity that could reasonably be mistaken for a depository institution (the "lookalike provision"). The FTC is made responsible for determining what entities fall within this description.

The FY 2004 language removes the bar on FTC implementation of the disclosure, audit, and lookalike provisions. The language maintains the bar only on FTC implementation of the shutdown and business plan provisions (sections 43(e) of the FDIA and 151(b)(1) of FDICIA respectively).

For FY 2005, in addition to the bar on those provisions, the FTC is requesting restoration of the bar on sections 43(a), (b)(3), and (f)(2)(B) of the FDIA (respectively, the audit provision, the lookalike provision, and the signed acknowledgment provision with its expired alternative for existing customers), as well as on the only other provision of section 151(b) of FDICIA (section 151(b)(2), a correlating audit provision). The FTC has no experience or expertise in deposit practices or depository institutions, loss reserves, insurance, or auditing or accounting principles appropriate for depository institutions or their insurers. Application of the signed acknowledgment requirement, given the expiration of the existing-customer alternative, would create severe dislocations for current customers and would put into question deposits received over the past ten years, contrary to Congress' apparent intention when it created the alternative. In addition, most or all of the entities likely to fall within the "lookalike" provision appear to be subject to SEC oversight already. With the changes we request, the remaining FDICIA responsibility assigned to the FTC would be more reasonably limited to prescribing and enforcing certain disclosure requirements on non-federally insured depository institutions.

## GOVERNMENT PERFORMANCE AND RESULTS ACT ("GPRA")

The FY 2005 budget request is based on the FTC's GPRA Strategic Plan for FY's 2003 - 2008 issued in September 2003, and is supported by the FY 2004 and FY 2005 Performance Plans included in this submission. The FTC will continue its ongoing efforts to develop performance measures that effectively measure its outcomes. The FTC also will continue to work closely with Congress and agency stakeholders to ensure that the Commission's strategic goals, objectives, and measures continue to provide relevant information.

**PRESIDENT'S MANAGEMENT AGENDA**

As described in detail in a following section titled "President's Management Agenda," the FTC is committed to managing its resources effectively and achieving immediate, concrete, and measurable results in each of the five management initiatives: human capital; competitive sourcing; e-government; financial management; and integration of budget and performance. Over the past decade, the agency has found new ways to meet growing demands and reach out to more consumers and businesses without an appreciable addition of personnel. To address these issues, the FTC has been engaged in long-term, concerted efforts to work better and smarter. These efforts dovetail with the President's Management Agenda. To date, the agency has established an outstanding record of assessment, realignment, innovation, and improvement. Also, there are several continuing efforts underway to address, among other areas, recruitment and training, performance and costs, reporting and systems.

# Budget Summary

($ in thousands)

| Budget by Mission: | Fiscal Year 2004 FTE | Fiscal Year 2004 Dollars | Fiscal Year 2005 FTE | Fiscal Year 2005 Dollars | Change FTE | Change Dollars |
|---|---|---|---|---|---|---|
| Consumer Protection | 569 | $103,844 | 583 | $118,788 | 14 | $14,944 |
| Maintaining Competition | 505 | 82,197 | 511 | 86,642 | 6 | 4,445 |
| Total | 1,074 | $186,041 | 1,094 | $205,430 | 20 | $19,389 |

| Budget by Funding Source: | Fiscal Year 2004 | Fiscal Year 2005 | Change |
|---|---|---|---|
| Offsetting Collections | | | |
| HSR Filing Fees | $112,000 | $150,000 | $38,000 |
| Do-Not-Call Fees | 23,100 | 20,000 | -3,100 |
| Subtotal Offsetting Collections | $135,100 | $170,000 | $34,900 |
| General Fund | 50,941 | 35,430 | -15,511 |
| Total | $186,041 | $205,430 | $19,389 |

## Summary of Changes

($ in thousands)

| | FY 2004 | FY 2005 | Change |
|---|---|---|---|
| Budget Authority | $186,041 | $205,430 | +$19,389 |
| Full-time Equivalents | 1,074 | 1,094 | +20 |

| **Explanation of Change:** | FTE | Dollars |
|---|---|---|
| **A. Mandatory Costs** | | |
| 1. Mandatory salary and benefit increases. | - - - | + $5,834 |
| 2. One less pay day in FY 2005. | - - - | -428 |
| 3. Contract cost increases. | - - - | + 1,164 |
| 4. Do Not Call enforcement costs. | - - - | + 2,000 |
| 5. Consumer Response Center and technology infrastructure. | - - - | + 1,319 |
| 6. E-government initiatives including rule making, human resources, travel, and core financial management systems. | - - - | + 1,000 |
| **Subtotal** | **- - -** | **+ $10,889** |
| **B. Costs of new legislation such as the CAN-SPAM Act, FACT Act, and FDICIA** | | |
| 1. Non-personnel costs for studies, reports, rule making, and enforcement. | - - - | + $6,180 |
| 2. New FTE associated with these new legislative mandates. | + 20 | + 2,320 |
| **Subtotal** | **+ 20** | **+ $8,500** |
| **Total Change** | **+ 20** | **+ $19,389** |

## Annual Performance Plan Objectives by Program FTE

**Consumer Protection Mission**

| | Fiscal Year 2004 | | | | | Fiscal Year 2005 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | CP Obj. 1 | CP Obj. 2 | CP Obj. 3 | Prgm. Total | | CP Obj. 1 | CP Obj. 2 | CP Obj. 3 | Prgm. Total |
| Advertising Practices | 7 | 55 | 2 | 64 | | 7 | 56 | 2 | 65 |
| Marketing Practices | 13 | 127 | 5 | 145 | | 13 | 128 | 5 | 146 |
| Financial Practices | 6 | 46 | 2 | 54 | | 6 | 50 | 2 | 58 |
| Enforcement | 3 | 50 | 2 | 55 | | 3 | 51 | 2 | 56 |
| Planning & Information | 47 | 2 | 4 | 53 | | 47 | 3 | 4 | 54 |
| International Consumer Protection | 2 | 4 | 1 | 7 | | 2 | 5 | 1 | 8 |
| Consumer & Business Education | 0 | 0 | 16 | 16 | | 0 | 0 | 17 | 17 |
| Economic & Consumer Policy Analysis | 0 | 4 | 2 | 6 | | 0 | 4 | 2 | 6 |
| Program Management | 6 | 19 | 3 | 28 | | 6 | 20 | 3 | 29 |
| CP Mission Support | 28 | 101 | 12 | 141 | | 28 | 104 | 12 | 144 |
| **Total Mission** | **112** | **408** | **49** | **569** | | **112** | **421** | **50** | **583** |

**Maintaining Competition Mission**

| | Fiscal Year 2004 | | | | | Fiscal Year 2005 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MC Obj. 1 | MC Obj. 2 | MC Obj. 3 | Prgm. Total | | MC Obj. 1 | MC Obj. 2 | MC Obj. 3 | Prgm. Total |
| Premerger Notification | 17 | 0 | 11 | 28 | | 17 | 0 | 11 | 28 |
| Merger & Joint Venture Enforcement | 11 | 182 | 12 | 205 | | 11 | 182 | 12 | 205 |
| Merger & Joint Venture Compliance | 1 | 9 | 1 | 11 | | 1 | 9 | 1 | 11 |
| Nonmerger Enforcement | 6 | 95 | 5 | 106 | | 6 | 98 | 5 | 109 |
| Nonmerger Compliance | 0 | 7 | 0 | 7 | | 0 | 7 | 0 | 7 |
| Antitrust Policy Analysis | 2 | 3 | 2 | 7 | | 2 | 3 | 2 | 7 |
| Other Direct Mission | 4 | 9 | 3 | 16 | | 4 | 9 | 3 | 16 |
| MC Mission Support | 13 | 101 | 11 | 125 | | 13 | 104 | 11 | 128 |
| **Total Mission** | **54** | **406** | **45** | **505** | | **54** | **412** | **45** | **511** |

# Fiscal Years 1999—2005
# Annual Performance Measures

| | FY 1999 Actual | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target | FY 2005 Target |
|---|---|---|---|---|---|---|---|
| ***Consumer Protection Mission*** <br> **Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace.** | | | | | | | |
| *Objective 1.1–Identify fraud, deception, and unfair practices that cause the greatest consumer injury.* | | | | | | | |
| Measure 1.1.1: (FY 2001-2005) Annual number of consumer complaints and inquiries entered into database. | ---- | ---- | 430,000 | 680,000 | 944,000 | 700,000 | 750,000 |
| Measure 1.1.2: (FY 2003-2005) Annual number of consumer complaints and inquiries related to identity theft entered into database. | ---- | ---- | ---- | ---- | 321,000 | 250,000 | 300,000 |
| *Objective 1.2–Stop fraud, deception and unfair practices through law enforcement:* | | | | | | | |
| Measure 1.2.1: (FY 1999-2005) Dollar savings for consumers from FTC actions which stop fraud. | $454 million | $265 million | $487 million | $561 million | $606.3 million | $400 million | $400 million |
| Measure 1.2.2: (FY 2001-2002) Total expenditures of deceptive or unfair advertising campaigns stopped. | ---- | ---- | $86 million | $40 million | ---- | ---- | ---- |
| Measure 1.2.3: (FY 2003-2005) Number of data searches conducted by FTC and other law enforcement personnel of the FTC's Consumer Sentinel. | ---- | ---- | ---- | ---- | 27,685 | 24,000 | 26,000 |
| Measure 1.2.4: (FY 2003-2005) Number of data searches conducted by law enforcement personnel reviewing the FTC's Identity Theft complaints. | ---- | ---- | ---- | ---- | 2,167 | 1,700 | 1,850 |
| *Objective 1.3–Prevent consumer injury through education:* | | | | | | | |
| Measure 1.3.1: (FY 1999-2005) Number of education publications distributed to or accessed electronically by consumers. | 8.6 million | 11.0 million | 15.0 million | 19.3 million | 28.0 million | 15.0 million | 20.0 million |
| Measure 1.3.2: (FY 2003-2005) Annual number of education publications related to Identity Theft distributed or accessed electronically. | ---- | ---- | ---- | ---- | 3.0 million | 2.5 million | 3.0 million |
| Measure 1.3.3: (FY 2003-2005) Annual number of Spanish-language education publications distributed or accessed electronically. | ---- | ---- | ---- | ---- | 458,000 | 400,000 | 500,000 |

# Fiscal Years 1999—2005
# Annual Performance Measures

| | FY 1999 Actual | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target | FY 2005 Target |
|---|---|---|---|---|---|---|---|
| ***Maintaining Competition Mission*** | | | | | | | |
| **Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.** | | | | | | | |
| *Objective 2.1–Identify anticompetitive mergers and practices that cause the greatest consumer injury:* | | | | | | | |
| Measure 2.1.1: (FY 2001-2004) Percent of HSR second requests resulting in enforcement action. | ---- | ---- | 68% | 68% | 70.0% | 60-80% | 60-80% |
| Measure 2.1.2: (FY 1999-2003) Number of nonmerger investigations opened per year. | 45 | 25 | 56 | 59 | 50 | ---- | ---- |
| Measure 2.1.3: (FY 2004-2005) Percent of nonmerger investigations which result in enforcement action. | ---- | ---- | ---- | ---- | ---- | 60-80% | 60-80% |
| *Objective 2.2–Stop anticompetitive mergers and practices through law enforcement:* | | | | | | | |
| Measure 2.2.1: (FY 1999-2005) Positive outcome of cases brought by FTC due to alleged violations. | 80% | 95% | 94% | 100% | 100% | 80% | 80% |
| Measure 2.2.2: (FY 1999-2003) Dollar savings for consumers resulting from FTC actions stopping anticompetitive mergers. | $1,200 million | $2,980 million | $2,500 million | $726 million | $292 million | ---- | ---- |
| Measure 2.2.3: (FY 2004-2005) Volume of commerce in markets in which FTC took action to prevent anticompetitive mergers. | ---- | ---- | ---- | ---- | ---- | $40 billion | $40 billion |
| Measure 2.2.4: (FY 2001-2003) Dollar savings for consumers resulting from FTC actions stopping anticompetitive nonmerger activity. | ---- | ---- | $157 million | $86 million | $211 million | ---- | ---- |
| Measure 2.2.5: (FY 2004-2005) Volume of commerce in markets in which FTC took action to prevent anticompetitive conduct. | ---- | ---- | ---- | ---- | ---- | $20 billion | $20 billion |
| *Objective 2.3–Prevent consumer injury through education:* | | | | | | | |
| Measure 2.3.1: (FY 2001-2003) Quantify number of education and outreach efforts. | ---- | ---- | Determine Baseline (141) | 285 | 306 | ---- | ---- |
| Measure 2.3.2: (FY 2001-2003) Quantify number of hits on antitrust information on FTC Web site. | ---- | ---- | Determine Baseline (2.6 million) | 4.4 million | Over 10 million | ---- | ---- |
| Measure 2.3.3: (FY 2004-2005) Measure and establish appropriate targets for the number of hits on the FTC antitrust Web site relevant to business and legal communities. | ---- | ---- | ---- | ---- | ---- | Compare to Baseline | Compare to Baseline |
| Measure 2.3.4: (FY 2004-2005) Measure and establish appropriate targets for the number of hits on the FTC antitrust Web site relevant to policy makers and the general public. | ---- | ---- | ---- | ---- | ---- | Compare to Baseline | Compare to Baseline |

## Proposed Appropriations Language

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed $2,000 for official reception and representation expenses, [$186,041,000] *$205,430,000*, to remain available until expended: *Provided*, That not to exceed $300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718: *Provided further*, That, notwithstanding any other provision of law, not to exceed [$112,000,000] *$150,000,000* of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: *Provided further*, That [$23,100,000] *$20,000,000* in offsetting collections derived from fees sufficient to implement and enforce the Telemarketing Sales Rule, promulgated under the Telephone Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), shall be credited to this account, and be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year [2004] *2005*, so as to result in a final fiscal year [2004] *2005* appropriation from the general fund estimated at not more than [$50,941,000] *$35,430,000*: *Provided further*, That none of the funds made available to the Federal Trade Commission may be used to [enforce subsection (e)] *implement or enforce subsections (a),(b)(3), (e) or (f)(2)(B)* of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t) or section 151(b)[(2)] of the Federal Deposit Insurance Corporation Improvement Act of 1991(12 U.S.C. 1831t note) [: *Provided further,* That, not later than 60 days after the date of enactment of this Act, the Federal Trade Commission shall amend the Telemarketing Sales Rule to require telemarketers subject to the Telemarketing Sales Rule to obtain from the Federal Trade Commission the list of telephone numbers on the "do-not-call" registry once a month]. *(Division B, H. R. 2673, Consolidated Appropriations Bill, FY 2004.)*

## Program and Financing

($ in millions)

| Identification Code: 29-0100-0-1-376 | FY 2003 actual | FY 2004 est | FY 2005 est |
|---|---|---|---|
| **Obligations by program activity:** | | | |
| 00.01 Consumer Protection | 64 | 25 | 19 |
| 00.02 Maintaining Competition | 51 | 26 | 16 |
| 01.92 Subtotal, Direct Program | 115 | 51 | 35 |
| 09.01 Consumer Protection | 36 | 79 | 100 |
| 09.02 Maintaining Competition | 25 | 56 | 70 |
| 09.03 Reimbursable Program | 1 | 1 | 1 |
| 09.99 Total Reimbursable Program | 62 | 136 | 171 |
| 10.00 Total New Obligations | 177 | 187 | 206 |
| **Budgetary resources available for obligation:** | | | |
| 21.40 Unobligated balance carried forward, start of year | 8 | 9 | 9 |
| 22.00 New budget authority (gross) | 177 | 187 | 206 |
| 22.10 Resources available from recoveries of prior year obligations | 1 | ... | ... |
| 23.90 Total budgetary resources available for obligation | 186 | 196 | 215 |
| 23.95 Total new obligations | -177 | -187 | -206 |
| 24.40 Unobligated balance carried forward, end of year | 9 | 9 | 9 |
| **New budget authority (gross), detail:** | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 115 | 51 | 35 |
| Spending authority from offsetting collections: | | | |
| Offsetting collections (cash): | | | |
| 68.00 Offsetting collections (HSR Fees ) | 56 | 112 | 150 |
| 68.00 Offsetting collections (Do Not Call Fees) | 5 | 23 | 20 |
| 68.00 Offsetting collections (Fed. Reimb. Programs) | 1 | 1 | 1 |
| 68.90 Spending authority from offsetting collections (total discretionary) | 62 | 136 | 171 |
| 70.00 Total new budget authority (gross) | 177 | 187 | 206 |
| **Change in obligated balances:** | | | |
| 72.40 Obligated balance, start of year | 22 | 32 | 19 |
| 73.10 Total new obligations[1] | 177 | 187 | 206 |
| 73.20 Total outlays (gross) | -166 | -200 | -204 |
| 73.45 Recoveries of prior year obligations | -1 | ... | ... |
| 74.40 Obligated balance, end of year | 32 | 19 | 21 |
| **Outlays (gross), detail:** | | | |
| 86.90 Outlays from new discretionary authority | 160 | 168 | 185 |
| 86.93 Outlays from discretionary balances | 6 | 32 | 19 |
| 87.00 Total outlays (gross) | 166 | 200 | 204 |
| **Offsets:** | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources | 1 | 1 | 1 |
| 88.40 Non-Federal sources - HSR Fees | 56 | 112 | 150 |
| 88.40 Non-Federal sources - Do Not Call Fees | 5 | 23 | 20 |
| 88.90 Total, offsetting collections (cash) | 62 | 136 | 171 |
| **Net budget authority and outlays:** | | | |
| 89.00 Budget authority | 115 | 51 | 35 |
| 90.00 Outlays | 104 | 64 | 33 |

[1]Includes $1 million in each fiscal year for obligation of funds reimbursed by other federal agencies.

# Object Classification

($ in millions)

| Identification Code: 29-0100-0-1-376 | FY 2003 actual | FY 2004 est | FY 2005 est |
|---|---|---|---|
| **Direct Obligations:** | | | |
| Personnel Compensation: | | | |
| 11.1 Full-time permanent | 53 | 24 | 17 |
| 11.3 Other than full-time permanent | 5 | 2 | 1 |
| 11.5 Other personnel compensation | 1 | 1 | ... |
| 11.9 Total Personnel compensation | 59 | 27 | 18 |
| 12.1 Civilian personnel benefits | 14 | 7 | 4 |
| 21.0 Travel and transportation of persons | 1 | 1 | 1 |
| 23.1 Rental payments to GSA | 11 | 5 | 3 |
| 23.3 Communications, utilities, and miscellaneous charges | 2 | 1 | 1 |
| 24.0 Printing and Reproduction | 1 | ... | ... |
| 25.1 Advisory and assistance services | 11 | 5 | 5 |
| 25.2 Other services | 1 | 1 | 1 |
| 25.3 Other purchases of goods and services from Government accounts | 1 | 1 | .... |
| 25.4 Operation and maintenance of facilities | 1 | ... | ... |
| 25.7 Operation and maintenance of equipment | 1 | ... | ... |
| 26.0 Supplies and materials | 1 | ... | ... |
| 31.0 Equipment | 10 | 3 | 2 |
| 32.0 Land and structures | 1 | ... | ... |
| 99.0 Subtotal, obligations, Direct obligations | 115 | 51 | 35 |
| **Reimbursable Obligations:** | | | |
| Personnel Compensation: | | | |
| 11.1 Full-time permanent | 30 | 66 | 79 |
| 11.3 Other than full-time permanent | 3 | 6 | 7 |
| 11.5 Other personnel compensation | 1 | 1 | 2 |
| 11.9 Total personnel compensation | 34 | 73 | 88 |
| 12.1 Civilian personnel benefits | 7 | 17 | 22 |
| 21.0 Travel and transportation of persons | 1 | 1 | 2 |
| 23.1 Rental payments to GSA | 6 | 12 | 14 |
| 23.3 Comm., utilities & misc. charges | 1 | 2 | 2 |
| 24.0 Printing and reproduction | ... | 1 | 1 |
| 25.1 Advisory and assistance services | 6 | 14 | 23 |
| 25.2 Other services | 1 | 2 | 2 |
| 25.3 Other purchases of goods and services from Government accounts | 1 | 1 | 2 |
| 25.4 Operation & maint. of facilities | ... | 1 | 1 |
| 25.7 Operation & maint. of equipment | ... | 1 | 1 |
| 26.0 Supplies and materials | ... | 1 | 1 |
| 31.0 Equipment | 5 | 9 | 12 |
| 32.0 Land and structures | ... | 1 | ... |
| 99.0 Subtotal, Reimbursable obligations [1] | 62 | 136 | 171 |
| 99.9 Total new obligations | 177 | 187 | 206 |

[1] Includes $1 million in each fiscal year for obligation of funds reimbursed by other federal agencies.

## Personnel Summary

| Identification Code: 29-0100-0-1-376 | FY 2003 actual | FY 2004 est | FY 2005 est |
|---|---|---|---|
| **Direct** | | | |
| Full-time equivalent employment | 684 | 294 | 187 |
| **Reimbursable** | | | |
| Full-time equivalent employment | 367 [1] | 786 [2] | 913 [2] |

[1] Includes 3 FTE reimbursed by other federal agencies.
[2] Includes 6 FTE reimbursed by other federal agencies.