Federal Trade Commission

Fiscal Year 2008

Congressional Justification
Budget Summary

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Federal Trade Commission
Fiscal Year 2008 Overview Statement

The Federal Trade Commission (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 to protecting and strengthening free and open markets in both the United States and the world.

Highlights of FY 2006 Accomplishments

In FY 2006, the FTC took action on a wide variety of significant consumer protection and competition matters. The highlighted actions, detailed below, helped ensure that businesses and consumers alike reaped the full benefits of market competition and product innovation.

Consumer Protection Mission

Data Security and Identity Theft

The FTC has taken the lead to protect consumers from technology-driven threats to the security of their personal data, computers, and email inboxes. Concerns about data security and identity theft have intensified due in part to widespread media coverage of incidents of personal data theft. Identity theft tops the FTC's list of consumer complaints, accounting for 40 percent of the 616,000 complaints filed in fiscal year 2006. In recognition of the growing importance of these issues, the Consumer Protection Mission realigned in January 2006, creating a new Program of Privacy and Identity Protection to enforce relevant statutes and rules, develop policy, educate consumers and businesses, and analyze the impact of legislative initiatives. During fiscal year 2006, the FTC brought five cases against companies that failed to provide reasonable security for sensitive customer data. In one case, the FTC reached a settlement with ChoicePoint, Inc., that required the defendants to pay a $10 million civil penalty – the largest civil penalty in FTC history – and $5 million in consumer redress for compromising the personal financial records of more than 163,000 consumers in its database. In addition to enforcement work, the FTC is a national leader on data security and identity theft policy and education. The FTC's Chairman serves as Co-chair, and the Bureau of Consumer Protection Director serves as Deputy Executive Director, of the Identify Theft Task Force recently established by the President. In September 2006, the Task Force adopted interim recommendations on measures that can be implemented immediately to help address the problem of identity theft. The FTC also continues to educate consumers and businesses about steps to take to minimize the risk of identity theft and what can be done to mitigate injury if a problem occurs. In May 2006, the FTC launched a new nationwide education campaign, "AvoID Theft: Deter, Detect, Defend." In fiscal year 2006, the agency has distributed 3.4 million copies of its identity theft publications and logged 6.0 million hits to its identity theft Web site.

Spam

In December 2005, the FTC, U.S. Attorneys, the U.S. Postal Inspection Service, and three state Attorneys General announced a law enforcement initiative targeting eight spamming operations that allegedly cluttered consumers' mailboxes with millions of illegal e-mail messages. In March 2006, an Internet marketer was ordered to pay a $900,000 civil penalty for violating the CAN-SPAM Act, the largest penalty yet for illegal spam. In April 2006, the FTC joined its foreign partners in calling for stepped up cross-border law enforcement cooperation and increased public/private sector cooperation to combat spam. In September 2006, the FTC brought a permanent halt to and obtained settlements in four illegal spamming operations. The FTC also issued a report to Congress, required by the CAN-SPAM Act, assessing the effectiveness of the Act. The report concluded that technological anti-spam advances have reduced the amount of spam reaching consumers' in-boxes, and that law enforcement has had some deterrent effect on spammers.

Spyware and Unauthorized Adware

Spyware inflicts harm on consumers with increasing frequency. As a result, the Consumer Protection Mission has made spyware investigations and prosecutions a priority. In October 2005, the FTC asked a U.S. District Court to halt an operation in which the defendants allegedly used the lure of free software to secretly install spyware and adware that could not be uninstalled by the consumers whose computers it infected. The FTC obtained an order for over $4 million against the primary defendants and separately settled with other defendants, who agreed to pay $300,000 in disgorgement. In November 2005, an operation that used the lure of free lyric files, browser upgrades, and ring tones to download spyware and adware on consumers' computers was ordered to halt its downloads. The court also halted the downloads of an affiliate who used allegedly unsuspecting bloggers to spread the malicious software by offering free background music. A September 2006 settlement in this matter requires the defendants to give up more than $2 million of their allegedly ill-gotten gains and includes a suspended judgment of $8.5 million. In a third matter, an operation that deceptively downloaded spyware onto unsuspecting consumers' computers, changing their settings and hijacking their search engines, a U.S. District Court ordered the operators to give up more than $4 million in ill-gotten gains. Finally, the FTC obtained settlements against two operators that claimed to detect spyware, even when there was not any, and then sold consumers anti-spyware software that either did not work or did not work as advertised. The settlements require the defendants to give up a total of nearly $2 million in ill-gotten gains.

Business Opportunities and Work-at-Home Schemes

The FTC brings law enforcement actions against fraudulent business opportunities under the FTC Act and the Franchise Rule. In November 2005, the FTC stopped a business opportunity scam in which two Internet-based companies allegedly misrepresented "Web broker" packages to unwary customers. In March 2006, defendants in another matter agreed to settle charges that they violated the FTC Act and the Franchise Rule by making false and deceptive promises to franchise purchasers who paid as much as $8,000 in return for access to overstocked merchandise, expert training in the surplus goods industry, and substantial income. In May 2006, the FTC announced that a civil contempt judgment was entered against a defendant who violated a 2004 court order by continuing to deceptively market and sell envelope-stuffing, work-at-home opportunities to consumers. In addition, a complaint was filed against four individuals and three companies that allegedly operated the scheme with the defendant. In April 2006, the FTC proposed a rule to further enhance law enforcement efforts in the bogus business opportunities area.

Credit and Financial Fraud

The FTC enforces many of the nation's consumer credit statutes. In January 2006, the FTC settled its action against the founder of a large credit-counseling firm. The settlement shut down the corporate defendants, permanently banned an individual from the credit counseling business, and imposed a $172 million suspended judgment. In addition, the individual defendant agreed to relinquish virtually all of his assets for consumer redress. The FTC will receive $35 million for distribution to consumers, and any monies that the receiver obtains in excess of $35 million will go to the founder's bankruptcy case. Also in January 2006, a consumer credit reporting agency agreed to pay $120,000 to settle FTC charges that it did not follow reasonable procedures to assure the accuracy of the information in the consumer reports it sold to mortgage companies. In May 2006, defendants in a credit foundation case agreed to settle FTC charges that they deceptively marketed themselves as a not-for-profit enterprise to entice financially distressed consumers to enroll in debt management plans, and then failed to deliver on promises of personalized credit counseling and dramatic and immediate interest rate reductions. Under the proposed settlements, the defendants will pay more than $2.4 million in consumer redress, and are prohibited from making deceptive claims about credit counseling or debt management services.

National Do Not Call Registry/Telemarketing Sales Rule

The National Do Not Call (DNC) Registry has been an unqualified success, and has logged more than 130 million telephone numbers since its inception. Most entities covered by the DNC Rule comply, but for those who do not, tough enforcement is a high priority. During fiscal year 2006, the FTC received more than 1.15 million consumer complaints alleging DNC violations. In December 2005, the FTC announced its then-largest civil penalty in a consumer protection enforcement action – $5.3 million to settle FTC charges that a satellite television firm and companies it hired to promote its programming violated the DNC provisions of the Telemarketing Sales Rule (TSR). In June 2006, in the FTC's first case to highlight the application of DNC provisions to corporate affiliates, a seller of discount drug cards and its telemarketer were ordered to pay $300,000 and $50,000, respectively, to settle charges that they violated the DNC provisions of the TSR. In January 2006, under a settlement reached by the FTC, a company and its CEO became the first service providers to pay a penalty for allegedly violating the "assisting and facilitating" provision of the TSR. The defendants allegedly received money from another company to help it evade compliance with the DNC provisions of the TSR by assisting it in organizing and operating as a sham nonprofit corporation. In May 2006, in the FTC's first case alleging transmission of false caller ID information, the agency sought civil penalties and an injunction against a nationwide telemarketer of mortgage loans for calling people whose numbers are listed on the Registry and doing so without identifying itself.

Health Fraud

The FTC is committed to protecting consumers from deceptive and unsubstantiated advertising, particularly health-related claims. In November 2005, FTC staff sent warning letters to 34 Web site operators that made claims that products advertised as natural alternatives to hormone replacement therapy could prevent or treat diseases. The letters, sent to Web sites identified in an FTC Internet surf, warned that any health-related claims must be supported by competent and reliable scientific evidence. In January 2006, one of the largest U.S. direct mail marketers of health-related products agreed to a ban from the direct response marketing of foods, unapproved drugs, and dietary supplements for making claims the FTC alleged were false and unsubstantiated and agreed to pay $1 million and turn over assets worth $3.5 million to settle the FTC's charges. In May 2006, major weight-loss marketers making questionable claims to peddle skin gels and diet supplements agreed to pay $3 million to settle FTC charges that their deceptive claims violated federal law.

Law Enforcement Sweeps

The FTC continues to leverage its resources through partnerships with state and local law enforcers. During fiscal year 2006, the agency led two sweeps: one targeted individuals who personally sent spam to consumers, in violation of the CAN-SPAM Act; the other targeted violators of the Credit Repair Organizations Act. The FTC and its 12 partners brought 31 cases, including 6 FTC cases.

Marketing of Media Violence to Children

In March 2006, the FTC released the results of its nationwide undercover shop of electronic and video game stores. The FTC conducted the shop to collect data on the extent to which retailers prevent children from buying video games that have been rated by the Entertainment Software Rating Board (ESRB) as Mature. The FTC also announced a second comment period for an upcoming survey on awareness of and attitudes towards ESRB ratings. In June 2006, the makers of the popular Grand Theft Auto: San Andreas video game agreed to settle FTC charges that, in advertising the ESRB rating for the game, they failed to disclose information about potentially viewable sexually explicit images and a mini-game that consumers could view if they had access to particular codes that were widely available on the Internet.

Consumer and Business Education

Consumer and business education is a key component of the FTC's efforts to protect consumers. During fiscal year 2006, the FTC distributed 10 million print publications and logged 43 million hits to its online informational materials. In October 2005, the FTC issued tips on helping victims of the earthquake in South Asia, suggesting wise ways for consumers to give. In May 2006, the FTC debuted an enhanced Web site dedicated to oil and gasoline-related issues. Also in May 2006, the FTC offered an explanation of social networking sites and guidance for parents and children about how to use the sites safely. With millions of consumers planning summer vacations, the FTC launched a new online game, "Gear Up for a Great Trip," which provides tips for travel planning. The FTC also unveiled new sections of OnGuard Online, including an identity theft quiz and a section offering tips for Internet auction buyers and sellers. For the FTC's launch of the eighth annual National Consumer Protection Week, the agency unveiled the "Grand Scam Challenge," online, interactive games that teach consumers about topics such as identity theft, the National DNC Registry, and spam.

Hispanic Law Enforcement and Outreach

As the Hispanic market has grown, so has the opportunity for fraud targeting Hispanics. Detecting and preventing consumer fraud against Hispanics has been an important FTC education and enforcement priority since launching its Hispanic Outreach and Law Enforcement Initiative in 2003. During fiscal year 2006, the FTC has held Hispanic Law and Outreach Forums in Los Angeles, Cleveland, Las Vegas, and New York to promote education and awareness of consumer fraud targeted at the Hispanic community and to develop law enforcement responses. To identify appropriate enforcement targets, staff review all forms of Spanish-language media and analyze Spanish-language complaints from Consumer Sentinel. In October 2005, the FTC announced five law enforcement actions against alleged scammers targeting Hispanic consumers, including the marketers of a weight-loss product and a music CD collection, which will pay $231,000 in consumer redress to settle FTC charges that they made deceptive claims in infomercials shown on Spanish-language television stations. In November 2005, the FTC launched a new Spanish-language education campaign, Alerta en Linea, to help consumers stay safe online. At the New York forum in September 2006, the FTC announced three law enforcement actions and an Internet surf targeting Spanish-language fraud. Furthermore, the FTC distributes 125 Spanish-language publications.

Criminal Liaison Unit

The FTC, a civil law enforcement agency, also is committed to protecting consumers from the worst perpetrators of fraud by encouraging their prosecution by criminal law enforcement agencies. From April 2005 through May 2006, there were 59 separate criminal cases in which formal criminal litigation was either ongoing or initiated against 138 FTC defendants or their close associates, or where the FTC provided significant assistance to criminal authorities. In 29 of those cases, 42 defendants received sentences of incarceration or other criminal penalties.

Consumer Protection Advocacy

During fiscal year 2006, the FTC filed comments on a broad array of consumer protection-related subjects to various federal and state bodies. The variety of consumer protection issues that FTC advocacy addresses is demonstrated by the following examples:

- In June 2006, the FTC told a meeting of the Internet Corporation for Assigned Names and Numbers (ICANN) that access to the Whois databases (online information directories that contain contact information about Web site operators) is critical to the agency's consumer protection laws, to other law enforcement agencies around the world, and to consumers. The FTC delivered the same message in July 2006 to a House subcommittee, and in September 2006 to the Senate Committee on Commerce, Science, and Transportation.

- In April 2006, the FTC staff provided comments to the Food and Drug Administration in response to a request for public comment regarding its recently issued draft guidelines on labeling statements about the whole grain content of food products.

- In March 2006, the FTC staff sent a letter to a Hawaii State Senator in response to her request for the FTC's views on a bill that proposed to establish a Child Protection Registry and make it unlawful for a person to send a commercial message to any registered contact point if the message advertises products or services that a minor child is prohibited by law from purchasing, or if the message contains or advertises adult content.

- In January 2006, in response to a California Assembly member's request, the FTC staff commented on a bill to amend the California Confidentiality of Medical Information Act.

Maintaining Competition Mission

Merger Guidelines Commentary

The FTC, together with the Department of Justice (DOJ), published a Commentary on the Horizontal Merger Guidelines aimed at providing transparency and guidance to the antitrust bar and business community on how the government actually has applied particular provisions of the Guidelines. Using short summaries of past investigations and numerous examples, the Commentary highlights the integrated approach using the Merger Guidelines analysis that the agencies apply in each case.

Merger Process Improvements

The FTC adopted and implemented significant merger process improvements to facilitate rapid identification of relevant issues, preparation of focused second requests, and the use of consistent investigation timetables that will lower the costs of merger investigations for the FTC and outside parties by reducing the volume of materials that parties must submit to respond to a "second request". The reforms also permit the staff and the parties to identify more rapidly the relevant substantive issues and focus more quickly and effectively on the relevant documents and data. The FTC continues to seek and implement solutions for electronic production issues.

Electronic Filing System

The FTC, in cooperation with the DOJ, implemented an electronic filing system that allows merging parties to submit via the Internet premerger notification filings required by the Hart-Scott-Rodino (HSR) Act. This electronic filing system eases the burden of duplication and delivery for filing parties and enhances agency data entry of filing information.

Administrative Litigation

During FY 2006, the FTC has continued to pursue seven cases in administrative litigation that have reached various stages of adjudication and appeal. The administrative law judge issued an Initial Decision in Evanston Northwestern Healthcare Corp., and the Commission heard oral arguments on this matter. In Rambus Inc., the Commission issued a unanimous opinion holding that Rambus unlawfully monopolized certain markets for computer memory technology, and requesting further briefings and argument on potential remedies. The Commission issued its decision affirming the administrative law judge's ruling in North Texas Specialty Physicians, and the matter is on appeal before the Fifth Circuit Court of Appeals. A merger matter also is currently on appeal before the Fifth Circuit Court of Appeals: Chicago Bridge and Iron Co. N.V. The Sixth Circuit Court of Appeals recently affirmed the opinion of the Commission in Kentucky Household Goods Carriers Association, Inc., finding that the Association's ratemaking activities constituted unlawful price fixing and were not exempt from the antitrust laws under the state action doctrine. The Fourth Circuit Court of Appeals recently ruled on a motion from respondents in South Carolina State Board of Dentistry, adopting the FTC's position that a denial of state action immunity is not immediately appealable. Finally, FTC staff submitted a petition for certiorari in Schering-Plough Corp., which the Supreme Court denied.

Merger Enforcement Actions

During the 2006 fiscal year, the FTC brought sixteen merger enforcement challenges (nine consent agreements and seven withdrawn transactions after the second request was issued). This is approximately a 20 percent increase over the number of merger enforcement actions during the same period last year. These include the recent action taken against the consummated Hologic/Fischer merger and settlement agreement restoring competition in the market for stereotactic prone breast biopsy systems; the challenge of Linde AG's proposed acquisition of The BOC Group and settlement agreement preserving competition in certain industrial gases; the consent order in the Boston Scientific/Guidant merger preserving competition for lifesaving vascular products; two consent orders restoring competition in the market for dialysis services – Fresenius/Renal Care and DaVita/Gambro; and the abandonment of a proposed acquisition of a refined petroleum products pipeline in the southwest.

Merger Filings

The number of reported transactions has continued to increase. Through FY 2006, there was a ten percent increase in HSR filings over the same period last year. In addition, the FTC has issued 28 "second requests" in FY 2006.

Nonmerger Actions and Litigation

In FY 2006, the FTC brought six nonmerger enforcement actions. First, the FTC obtained a settlement to end an agreement between Warner Chilcott and Barr Laboratories. The FTC alleged that drug company Warner Chilcott's agreement with Barr Laboratories unlawfully delayed entry of Barr's generic version of Warner Chilcott's oral contraceptive, Ovcan, to the market. Second, in March, the FTC alleged that Valassis Communications violated the antitrust laws by inviting its competitor for newspaper advertising and coupon inserts (in a public call with security analysts) to collude with Valassis and fix prices, thus raising prices for inserts. To settle these charges, Valassis entered into a consent order with the FTC that prohibits Valassis from inviting collusion from, or actually colluding with, its competitors. Third, in July, the FTC charged the Austin Board of Realtors with violating the antitrust laws by preventing discount brokers or agents from posting certain types of listings on public Internet Web sites used by consumers while shopping for homes. The prohibited Internet postings were for listings where the sellers had contracted with the agent for potentially lower-cost unbundled brokerage services. The FTC alleged that this rule would discourage agents from entering into these types of listing agreements and potentially increase prices to home sellers. The Austin Board settled these charges by agreeing not to adopt or enforce rules that treat one type of real estate listing agreement more advantageously than any other listing type. Finally, the FTC continued in FY 2006 to bring enforcement actions against competing physicians or dental service providers who agree with their competitors to fix the prices they charge for their medical services. This year, the FTC brought three such cases, which were all settled with consent orders: Health Care Alliance of Laredo, New Century Health Quality Alliance/ Prime Care of Northeast Kansas, and Puerto Rico Endodontists.

Petroleum Reports and Advocacy

In May 2006, the FTC issued a report, "Investigation of Gasoline Price Manipulation and Post-Katrina Gasoline Price Increases." The Congressionally mandated investigation examined whether gasoline prices nationwide were "artificially manipulated by reducing refinery capacity or by any other form of market manipulation or price gouging practices" and further examined gasoline pricing by refiners, large wholesalers, and retailers in the aftermath of Hurricane Katrina. In October 2005, FTC staff prepared the U.S. submission to the Organization for Economic Cooperation and Development (OECD) on resale below-cost laws and regulations, which included discussions of laws covering below cost sales of gasoline. The FTC, along with DOJ and the Department of Energy, is also currently conducting an inquiry into the spring 2006 increase in gasoline prices and into oil company profitability. Finally, the FTC continues to update and enhance its Oil and Gas Industry Initiatives Web site which provides consumers with important information on the petroleum industry (www.ftc.gov/ftc/oilgas).

Ethanol Market Concentration Report

As mandated by the Energy Policy Act of 2005, the FTC issued the "Report on Ethanol Market Concentration" in December 2005. The report examined the current state of ethanol production in the United States and measured market concentration using capacity and production data. The study also considered the possible effect on market concentration of marketing agreements between ethanol producers and ethanol marketers.

Hearings on Section 2 of the Sherman Antitrust Act

In 2006, the FTC and the DOJ initiated a series of hearings on how best to identify anticompetitive exclusionary conduct for purposes of antitrust enforcement under Section 2 of the Sherman Antitrust Act. The hearings will continue over the next several months.

Real Estate Industry

FTC staff is writing and coordinating with the DOJ on a report, "Competition Policy and the Real Estate Industry," to be released in Spring 2007. In June 2006, the FTC and DOJ sent a joint letter to Michigan officials urging them not to support minimum-service legislation, which would have required real estate brokers to provide certain services – including negotiation, assistance in closing, and advice on pricing – to consumers, regardless of whether they actually wanted such services. If enacted, the bill would have caused some home buyers and sellers to pay higher prices for real estate brokerage services. The bill was not enacted. In June 2006, the FTC and DOJ also jointly filed comments opposing proposed legislation in New York that would, by definition, exclude non-attorneys from nearly all aspects of real estate transactions. Without a clear showing that non-attorney provision of such services has caused consumer harm, the agencies concluded, the proposed legislation is not in the best interest of consumers. The legislative session ended without any action taken on the bill. In July 2006, the FTC debuted its real estate competition Web page (ftc.gov/bc/realestate) that provides important consumer educational materials on competition in the industry.

Amicus Briefs

The Commission has achieved significant advances in antitrust law through the filing of amicus curiae briefs in conjunction with the Solicitor General, often in cooperation with the DOJ Antitrust Division. In the past year, the Supreme Court has adopted the Commission's position in three major cases, clarifying important areas of antitrust laws, to the benefit of consumers and the American economy. In Texaco, Inc. v. Dagher, the FTC and DOJ urged the Court to reverse a ruling of the Ninth Circuit that had found decisions by two companies, about the pricing of products sold by a joint venture that they had established following FTC review, could amount to per se antitrust violations. The Supreme Court unanimously agreed, accepting the Commission's argument that such pricing decisions did not eliminate any competition that otherwise would have existed. In Illinois Tool Works v. Independent Ink, the U.S. Court of Appeals for the Federal Circuit had erroneously read older Supreme Court precedent as establishing that a patent-holder presumptively has market power by virtue of the patent. The FTC and DOJ filed an amicus brief urging the Supreme Court to reverse, arguing that there is no economic basis for inferring any amount of market power from the mere fact that the defendant holds a valid patent, copyright, trademark, or other intellectual property right. Again, the Court unanimously agreed. Finally, in Volvo Trucks North America v. Reeder-Simco GMC, Inc., the Eighth Circuit Court of Appeals had held that a plaintiff dealer can establish price discrimination in violation of Section 2(a) of the Robinson-Patman Act even if it cannot show that the manufacturer discriminated between dealers competing to resell its product to the same retail customer. At the urging of the FTC and DOJ, the Supreme Court reversed. In each of these cases, the FTC argued against a rigid doctrinal rule that could actually chill efficient business conduct and thereby harm consumers, and urged the Supreme Court instead to adopt an approach that accounts for marketplace realities.

Competition Advocacy

Throughout fiscal year 2006, the FTC filed comments on a broad array of competition-related subjects to various federal and state bodies. The variety of competition issues that FTC advocacy addresses is demonstrated by the following examples:

- In May 2006, the FTC responded to a request for comments on a Louisiana bill, which would make clear that Louisiana law does not require individuals and firms that assist consumers in selling goods through online auction houses (e.g., eBay) to hold auctioneer or auction business licenses. The FTC agreed that such licensing should not be required.

- In April 2006, the FTC staff sent a letter to a Florida State Senator in response to her request for staff's views on a bill that would allow the direct shipment of wine to Florida consumers from wineries either inside or outside the state. The FTC agreed that the bill would benefit consumers and competition, provided certain requirements are met.

- In March 2006, FTC staff submitted a comment to the Federal Communications Commission supporting modifications proposed by FCC staff to prevent tacit collusion during the bidding process for advanced wireless services licenses.

Planned Activities in FY 2007 and Beyond

Over the next few years, the FTC will devote resources to significant law enforcement and policy initiatives designed to protect consumers and the competitive process.

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 data and privacy.

Privacy and Data Security

The FTC will advance its efforts to protect consumers' private information by educating consumers about how to protect their important data, and enforcing relevant laws when consumers' data is stolen or a company's security is breached. Other enforcement efforts will include challenging false claims touting the privacy and security features of products and services. Additional resources will be used for increased law enforcement, legislative efforts, Identity Theft Task Force policy development, and data security initiatives. The FTC also will enhance victim services and outreach to police departments, reporting and data analysis, technical support, litigation support, and outreach to businesses and consumers.

Spam, Spyware, and Other High-Tech Problems

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

Globalization

The FTC will be involved in law enforcement and policy development efforts on the world stage. Law enforcement cases increasingly involve an international component as defendants, their operations, or their assets are moved offshore. This makes it difficult to locate and stop scams or to provide redress to consumers. The FTC is meeting these challenges by sustaining international partnerships to assist in identifying and pursuing these cases. As the FTC develops initiatives relating to cross-border fraud, the agency will work to measure and report its performance in this area. On the policy side, the FTC is promoting international development of market-oriented consumer protection policies, when such policies adequately address consumer harm. The Undertaking Spam, Spyware, And Fraud Enforcement With Enforcement Across Borders Act (US SAFE WEB Act) was enacted in December 2006 giving the FTC new tools to tackle cases with an international consumer protection component. Meeting the challenges of the global marketplace and forging partnerships with international parties is critical. Through cooperation with foreign consumer protection agencies and participation in international organizations, the FTC can engage in cooperative foreign law enforcement actions and develop policies that promote consumer choice in the international marketplace.

Hispanic Law Enforcement and Outreach

To focus on frauds aimed at Hispanic consumers, the FTC will continue to use the findings of the staff's 2004 fraud survey, ideas generated at the Hispanic Outreach Forum and Law Enforcement Workshops, and partnerships developed as part of the Hispanic Initiative. For example, the FTC will hold regional follow-up workshops to meet with enforcement officials and community-based organizations to discuss law enforcement and outreach to protect Hispanic consumers in that region. The FTC also will expand dedicated space on its Web site devoted to Spanish-language information and to promote the Spanish-language complaint form. To date, the FTC has produced more than 100 consumer and business education pieces in Spanish, and will continue this important initiative. The agency will bring enforcement actions, including sweeps with its law enforcement partners, against scams aimed at vulnerable groups, including other minority groups identified in staff's fraud survey.

Health Fraud

The deceptive marketing of products that may affect consumer health and safety will continue to be an FTC priority. The FTC will focus on health care products, including dietary supplements. Consumer demand for such products is increasing, and fraudulent or deceptive claims about these products can pose risks to consumers' well-being. Going forward, the FTC will continue its aggressive program by focusing its law enforcement on violations that create the greatest risks to consumer health.

Deceptive Credit Counseling Services and Lending Practices

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

Liaison with Criminal Law Enforcers

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

Protecting Children in the Marketplace

The FTC maintains an active program to monitor, report on, and provide educational materials about marketing to children, including advertising and marketing of violent entertainment products, online gambling, and alcohol, as well as food marketing and childhood obesity. In particular, the FTC analyzes complaints that deal with law violations relating to media violence. The FTC also focuses on children's interests through its enforcement of the Children's Online Privacy Protection Act. The FTC will continue to monitor the entertainment industry's marketing practices. Additionally, the FTC will work with video game publishers and retailers to promote the marketing and selling of Teen- and Mature-rated games in accord with the rating's age guidelines, and will educate parents about video game content. Finally, the FTC will implement the findings of its workshop on childhood obesity and review the recommendations by the Institute of Medicine concerning industry self-regulation addressing food advertising and marketing practices aimed at children.

Consumer and Business Education

Consumer and business education serves as the first line of defense against fraud, deception, and unfair practices. Most FTC law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. From time to time, the agency conducts pre-emptive consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft Web site addresses and toll-free numbers in an ongoing effort to increase public awareness of its programs and inform the public of the ways to contact the FTC to obtain information or file a complaint. In FY 2008, the FTC will launch a media literacy public information campaign to educate children and parents about advertising and marketing.

Using Consumer Data

The agency will continue to target its efforts based on the analysis of consumer complaint data that it gathers. FTC databases - including Consumer Sentinel, Identity Theft Data Clearinghouse, Consumer Information System, and the spam database - enable the agency and its law enforcement partners to detect trends and problems that involve fraud as they occur. The FTC's prospective challenges include maintaining a rich array of data, ensuring that its systems are fully used by the agency and its law enforcement partners, and ensuring that the information it collects is fully used and usable. The FTC also strives to identify new methods of analyzing this data and sharing the results in innovative ways to assist its law enforcement partners. These efforts bear fruit in the cases brought by the FTC and other law enforcement agencies who have access to this data. It is critical that resources be available to maintain and update these databases and data-analyzing capabilities.

Enforcing Legislation

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires the FTC to establish and maintain a toll-free phone number that provides certain disclosures to consumers relating to open-end credit plans. The FTC will continue through 2007 and beyond to implement this and other recently enacted laws.

Maintaining Competition Mission

The work of the FTC 's competition mission is critical to protect and strengthen the free and open markets that are the cornerstones of a vibrant economy. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers.

Reviewing a High Number of Mergers

Identifying anticompetitive mergers remains one of the top priorities in the Maintaining Competition Mission. The premerger notification requirements of the Hart-Scott-Rodino (HSR) Act provide the FTC with an effective starting point for identifying anticompetitive mergers before they are consummated. Additionally, since 2001, when amendments to the HSR Act changed the criteria governing which mergers must be reported under the Act, the FTC has devoted more attention to the identification of unreported, usually consummated, mergers that could harm consumers. The FTC has been facing a demanding merger review workload as merger volume has increased significantly since FY2004. Based on current patterns, the high volume of merger work projected for FY2007 will continue into FY2008 and beyond.

Preventing Anticompetitive Activity in Energy Industries

The price of gasoline continues to be a concern for consumers, and is a commensurately high priority for the FTC. The FTC continues to focus closely on gasoline markets and will move quickly to address any anticompetitive activity, whether merger or nonmerger activity. The FTC, along with the Departments of Justice and Energy, is currently conducting an inquiry requested by the President into current gasoline prices. Also, the FTC will update its report on the ethanol industry issued in FY 2006 that examines the state of ethanol production in the United States and measures market concentration using capacity and production data. In addition, under its Gasoline Price Monitoring Project, the FTC continues to track retail gasoline prices in 360 cities nationwide and wholesale prices in 20 major urban centers to identify unusual changes in gasoline prices; if any such changes are detected, the FTC staff promptly will investigate the cause. Finally, the FTC will continue to update and enhance its Oil and Gas Industry Initiatives Web site that provides consumers with important information on the FTC's oversight of the petroleum industry (www.ftc.gov/bc/oilgas).

Promoting Competition in Health Care and Prescription Drugs

The rapidly rising cost of health care is a matter of concern for consumers, employers, insurers, and the nation as a whole. Health-related products and services now account for more than 15 percent of GDP, and that share has grown by 25 percent since 1990. Thus, promoting competition in the health care sector will continue to be a major priority for the FTC. Among other activities, the FTC will continue to stop anticompetitive agreements between physicians and hospital service organizations and monitor hospital and other mergers that may raise the cost of health care. The FTC also will address rising prescription drug prices by monitoring pharmaceutical company mergers and working to ensure the continued availability to consumers of lower-cost generic drugs.

Increasing Emphasis on High Technology

The growing importance of technology is placing increasing demands on the FTC's antitrust enforcement mission in both the merger and nonmerger segments. FTC antitrust investigations more and more often involve high-technology sectors of the economy, such as computer hardware and pharmaceutical products. Furthermore, issues in antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how to reconcile these two bodies of law, both of which have a goal of promoting innovation. As these trends continue, the FTC requires more and more specialized technical knowledge and expertise. In FY 2007 and beyond, the FTC will enhance its ability to investigate and litigate complex matters involving high-tech segments of the economy by increasing both its in-house knowledge and the technical support it receives from independent experts and consultants.

Broadband Connectivity Competition Issues, Including Network Neutrality

The FTC's Internet Access Task Force was convened in August 2006 to enhance the FTC's expertise in competition and consumer protection issues related to broadband Internet access. The Task Force's first product was a report, "Municipal Provision of Wireless Internet", issued in September 2006. The Task Force has also invited interested parties to a workshop to be held in February 2007 to gather a wide variety of views on the subjects of broadband Internet access in general, and network neutrality in particular.

Enhancing Expertise on the Competitive Effects of Single-Firm Conduct

The FTC has long recognized the public interest in advancing knowledge of challenging legal issues. The FTC and the Antitrust Division of the DOJ are conducting a number of public hearings designed to inform policy- and decision-makers on vital issues affecting consumers and the economy - for example, on issues such as antitrust and health care, on competition policy in the real estate industry, and on the interface between antitrust and intellectual property. The agencies will continue holding a series of public hearings, begun in 2006, designed to examine single-firm conduct under Section 2 of the Sherman Act. Section 2, which proscribes exclusionary or predatory monopoly conduct, presents some of the most complex issues facing the FTC, the courts, the antitrust bar, and the business community. The primary goal of the hearings is to define more specifically the boundaries between legitimate single-firm conduct that is procompetitive or benign, and anticompetitive single-firm conduct that may harm consumers.

Studying Authorized Generics

The FTC will continue a study on authorized generics. An authorized generic is chemically identical to a particular brand-name drug, but the brand-name manufacturer authorizes it to be marketed in a generic version. The study is intended to help the agency understand the circumstances under which innovator companies launch authorized generics; collect and analyze data on how competition between generics and authorized generics during the 180-day exclusivity period has affected short-run price competition and long-run prospects for generic entry; and build on the economic literature about the effect of generic drug entry on prescription drug prices.

Increasing Consumer Outreach

The FTC will continue its efforts to educate consumers on the important role of competition in providing them the most valuable mix of price, choice, and innovation. In addition to developing specialized Web pages like those for healthcare, oil and gas, and real estate, the FTC will look for opportunities to speak on general competition issues and submit articles in consumer-oriented publications.

Preventing Misuse of Government Processes

An important part of the FTC's competition agenda includes efforts to identify, investigate, and, where appropriate, prosecute the misuse of government processes. The FTC's activities regarding these types of anticompetitive efforts include, for example, enforcement actions challenging efforts to deter generic drug market entry by improperly listing patents in the Food and Drug Administration's "Orange Book" or otherwise abusing government regulatory processes. The FTC is also focusing on the misuse of government processes involving intellectual property rights, such as when a firm improperly obtains intellectual property rights, or litigates to enforce them in bad faith. In FY 2007 and beyond, the FTC will devote additional resources to scrutinize competitors' misuse of government processes to hamper rivals.

Promoting Global Competition

The FTC will continue to work with competition agencies worldwide to promote best practices and to address and minimize policy divergences to ease burdens on private firms that operate on a global basis, consistent with the needs of competition enforcers to collect sufficient information to conduct their investigations. Given international differences in laws, cultures, and priorities, complete convergence on competition policy is unlikely in the foreseeable future. Nonetheless, the agencies have found significant areas of agreement through participation in international bodies, such as the OECD and the ICN.

Pursuing Ongoing Administrative Litigation

Administrative litigation provides an opportunity for the FTC to apply its institutional expertise to the development of antitrust jurisprudence. Currently, the FTC has several competition matters in the appellate stages of administrative litigation, and this litigation workload is expected to continue through FY 2007. 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.

Advocating for Competition Before the Courts and Other Government Agencies

The FTC works to eliminate public impediments to a competitive marketplace by persuading other government policy-makers to apply sound competition principles as they make decisions affecting consumer welfare. Among its activities, the FTC will continue to file, typically at the request of state legislators, comments on proposed legislation affecting competition in the areas of limited service real estate brokerage, the direct shipment of wine to consumers, and contractual relationships between product suppliers and distributors. For example, FTC staff will continue to examine issues addressed in the joint FTC and DOJ workshop on Competition Policy and the Real Estate Industry, such as the effect on consumers of restrictions on new real estate brokerage business models. The FTC staff also will conduct a study of the efficacy of its competition advocacy program over the past five years. In addition to these activities, FTC staff will continue to provide guidance on important competition policy issues, through issuing reports and filing amicus briefs to help courts resolve important competition issues.

Enforcing FTC Orders

The FTC must maintain an effective compliance program so that consumers receive the benefits of competition obtained through FTC orders issued after the culmination of investigation and litigation. The FTC focuses on devising and drafting effective orders for each individual matter, a highly fact-specific process. In addition, the agency conducts general and historical analyses on the effectiveness of various kinds of merger and nonmerger remedies, such as divestiture orders. The FTC also must litigate, when necessary, to vindicate its authority to order relief to protect competition.

Needed Resources FY 2008

The FTC's FY 2008 budget request for $240,239,000 supports 1,084 FTE. The increase of $17,239,000 and 10 FTE over the FTC's FY 2007 budget request before Congress consists of:

Mandatory Salary and Contract Expenses

Mandatory salary and contract expenses [$8,839,000]:

- The annualized three month cost of the January 2007 pay increase, and nine month cost of a January 2008 pay raise at an annual rate of 3.1 percent [$4,639,000].
- Two additional workdays in FY 2008 [1,000,000].
- Upward grade classifications pursuant to 5 C.F.R. 531.401 et seq. [$1,400,000].
- Contract and other non pay inflation [$1,800,000].

10 New FTE

Additional FTE for the Consumer Protection Mission's Privacy and Identity Protection Program [$1,400,000]: These 10 FTE will be used to implement recommendations of the President's Task Force on Identity Theft, and to address growing needs in this program area. The President's Task Force, co chaired by the Chairman of the FTC, is charged with developing and implementing a government wide, comprehensive plan to address the problem of identity theft. The FTC is responsible for creating an online "universal police report" for identity theft victims, leading an effort to develop means to authenticate individuals' identities, and studying and issuing a report on the costs and prevalence of identity theft. In addition, the FTC plays an important role in creating a "culture of security" in the marketplace through law enforcement and education. Six FTE will be used for increased law enforcement, developing data security best practices and policies, implementing the President's Identity Theft Taskforce strategic plan and other data security initiatives, and enhancing victim services outreach to police departments. Two FTE will be used to educate consumers and business about protecting sensitive data. The final two FTE will be used to provide technical support to the FTC's identity theft data analysis and law enforcement litigation.

Consumer Protection Mission Outreach and Enforcement Efforts

The Consumer Protection Mission's outreach and enforcement efforts [$4,500,000]:

- "Media literacy" initiative [$2,000,000]. Truthful advertising provides consumers with the information they need to make better informed purchasing decisions. It also gives companies an incentive to include features in their products that consumers want. With advances in technology and new research findings, advertising continues to be an important vehicle for consumer empowerment, but its emphasis is changing, particularly with respect to advertising to children. Long ago, advertisers believed that the most effective way to sell to children was by advertising to their parents; advertisers and marketers are now operating on the principle that children influence virtually everything their parents buy. This is likely why children have become the focal point for intense advertising and marketing. Each year, the average American child sees as many as 40,000 television commercials, and children as young as three recognize brand logos, with brand loyalty influence starting at age two. American companies are spending an estimated $15 billion a year on advertising and marketing to children under the age of 12, twice the amount spent just a decade ago.

Given this phenomenon, the FTC proposes to develop a "Media Literacy Initiative" to educate and empower children and their parents to be more discerning consumers of information. This initiative responds directly to concerns raised about advertising and marketing to children by Congress, consumer groups, researchers, the media, and parents. The goals of this initiative are to raise awareness of advertising and marketing messages; increase knowledge of how to skillfully read, analyze, and appreciate an advertisement; show the benefits of being an informed consumer; and help build partnerships to leverage agency resources and education messages.

As part of this initiative that will span several years, the FTC will work with contractors to:

- Conduct research: Research will give us answers to the following kinds of questions: What are the media preferences and habits of children and their parents? What information sources do they consider credible? What information about advertising and marketing do children and their parents need? What do they want to know? Who will they believe? What communication channels and formats are most appropriate to reach children and their parents? Are there existing materials that can be used or adapted?

- Set objectives: Determining the objectives of the program will guide our efforts. What activities should we promote? How can we track progress?

- Develop a plan to implement the project: We will determine the most appropriate channels to reach the target audiences B for example, the mass media, community channels like schools or employers, or interpersonal channels. We will develop and pretest materials so that they are understandable, relevant, attention getting, memorable, appealing, credible, and acceptable.

- Implement: We will implement the campaign, partnering with schools, consumer groups, and other government agencies. Advertising and marketing are changing dramatically with technology, and children are becoming consumers at a younger age. We want to make them smarter consumers from the start and will target and develop education messages for children from elementary through high school. This comprehensive program will focus on all facets of advertising and marketing, and the different ways companies try to reach young consumers. It will help children understand advertising and marketing for products across a variety of industries - from food to financial services, toys to technology.

- New outreach efforts [$1,000,000]. To meet the ever increasing demands to educate consumers and businesses, the FTC will develop educational materials related to information security, energy, the Business Opportunity Rule, and Hispanic issues. In particular, the FTC will update the OnGuard OnLine site and provide additional business education on securing data. In addition to producing and translating printed information, the FTC will expand outreach to consumer and community groups, create public service announcements for media outlets, and develop Web tools to reach a broader range of constituents.

- Do Not Call registration renewals and outreach [$1,300,000]. The first 50 million telephone numbers were placed on the Registry between June and October 2003. As the registrations expire after five years, funds are required to meet the additional contract costs for these re registrations.

- Increased enforcement efforts to combat spyware [$100,000]. Spyware and malware continue to plague consumers and could potentially undermine consumer confidence in conducting Internet commerce. Spyware cases often require us to retain forensic experts to assist during investigations and testify during litigation. As spyware operators become more sophisticated, additional funds are needed for the agency to maintain an active law enforcement presence.

- Promoting industry self regulation [$100,000]. As part of the FTC's initiative to protect children, we request additional funds to support our Congressionally endorsed efforts to promote industry self regulation in the marketing of entertainment and food to children.

Electronic Litigation Support and E-Gov and Information Technology Initiatives

Electronic litigation support and e-gov and information technology initiatives [$1,600,000]:

- Electronic litigation support [$800,000]. Funds are needed to centralize case data analyses and documents, procure and deploy data encryption appliances, and expand litigation support improvement software tools for document and case management, enterprise scanning, and pre processing of native files. The FTC will deploy such high volume concept searching software for merger reviews, enforcement actions, and targets under investigation. Additionally, funds will be used to acquire and/or replace forensic equipment and implement best practices for deploying litigation support tools. Also, funds are required to expand and upgrade the remote access environment to meet its increasing usage demands and data protection issues.

- E-Gov [$400,000]. This funding is needed to support e-gov initiatives for electronic official personnel folders (OPF) and training tracking. The OPF is a file containing records that cover an individual's employment history. As part of the government wide initiative to modernize agency personnel systems, the FTC will begin the process of converting from paper records to electronic OPFs. Also, the FTC will implement a system to comply with an OPM mandate to track employees' training history and determine its workforce training needs.

- Information technology operations [$400,000]. Funds are needed for project managers for application and system development; increased telecommunication services, enterprise licenses, and hardware maintenance support; and updates to hardware and software used for econometrics analyses.

Facility Reconditioning, Equipment Replacement, Records Management, Human Capital and Support Needs

Facility reconditioning, equipment replacement, records management, human capital and support needs [$900,000]:

- Headquarters reconditioning [$400,000]. 10 year cyclical repair and repainting of hallways and stairways of the FTC headquarters building.

- Furniture and equipment replacement [$300,000]. The building leases of the Atlanta and Seattle regions, as well as the warehouse, are expiring, and they will be relocating to new space and need new furniture and storage equipment.

- Records management, human capital, and support needs [$200,000]. Funds are needed for increased records destruction and storage and the transition to electronic records for Part 3 matters. Additional funds are needed for training, recruitment and relocation bonuses for attorneys, economists, and other hard to recruit professionals, and increased support needs for travel and supplies.

Appropriations Language Provisions

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

The requested appropriations language for FY 2008 contains a revised spending restriction, reflecting legislation enacted in October 2006, that maintains an appropriately narrow role for the FTC under section 151. This role enables the FTC to continue to enforce the provisions requiring non federally insured depository institutions to disclose that they do not have federal insurance and that the federal government does not guarantee the depositor will get back his or her money, but reinstates the implementation ban with respect to "look alike" provisions.

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

Offsetting Fee Collections

This submission assumes that total offsetting collections from HSR filing fees and Do Not Call fees will provide the FTC $163,600,000 in FY 2008. The FTC assumes the $76,639,000 difference between offsetting collections and the $240,239,000 request will be funded through a direct appropriation.

HSR Premerger Filing Fees: This submission assumes offsetting HSR fee collections will provide the FTC $144,600,000 in FY 2008. 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).

Do Not Call Fees: This submission assumes offsetting collections of $19,000,000 from Do Not Call fees. These fees, first collected in FY 2003, will be used to maintain and enforce a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers and to carry out other Telemarketing Sales Rule activities.

International Antitrust and Consumer Protection Resources Realignment

To highlight and focus the FTC's current and continued efforts in the international arena, in January 2007, the agency realigned current resources to form a new office, the Office of International Affairs. This realignment will not require any additional agency resources but will shift FY 2007 budgeted resources from programs in the Maintaining Competition and Consumer Protection Missions that perform international functions to this new office. The primary purpose of the FTC's Office of International Affairs is to provide effective assistance to the FTC's competition and consumer protection enforcement programs with respect to international issues, promote cooperation with competition and consumer protection agencies of other jurisdictions, and foster convergence of international antitrust polices around the world toward best practices. As the number of antitrust and consumer protection laws and agencies grow internationally and business operations continue to expand globally, these activities are increasingly important to encourage sound and effective antitrust and consumer protection policy and enforcement worldwide.

Government Performance And Results Act (GPRA)

The FY 2008 budget request is based on the FTC's GPRA Strategic Plan for FYs 2006 - 2011 and supported by the FY 2007 and FY 2008 Performance Plans included in this submission. The FTC updated and revised its Strategic Plan in FY 2006 and will continue to work closely with Congress, the Office of Management and Budget, and its stakeholders to ensure that its strategic goals, objectives, and measures continue to provide relevant information.

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 to reach out to more consumers and businesses by engaging 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, diversity and opportunity, efficiency and e-government, program performance and associated costs, and financial systems and associated reporting. The resources requested for FY 2008 will permit the agency to continue its strong management initiatives. This in turn will permit the agency to continue to fulfill its mission at the highest levels of effectiveness and efficiency. The FTC demonstrated its commitment to the PMA principles by achieving an initial “effective” rating - the highest rating given - on its first OMB Program Assessment Rating Tool (PART) evaluation in FY 2006.

Budget Request Summary
($ in thousands)

	Fiscal Year 2007		Fiscal Year 2008		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Budget by Mission:						
Consumer Protection	569	$126,391	581	$139,122	12	$12,731
Maintaining Competition	505	96,609	503	101,117	-2	4,508
Total	**1,074**	**$223,000**	**1,084**	**$240,239**	**10**	**$17,239**

	Fiscal Year 2007 Dollars	Fiscal Year 2008 Dollars	Change Dollars
Budget by Funding Source:			
Offsetting Collections			
HSR Filing Fees	$120,000	$144,600	$24,600
Do-Not-Call Fees	18,000	19,000	1,000
Subtotal Offsetting Collections	$138,000	$163,600	$25,600
General Fund	85,000	76,639	-8,361
Total	**$223,000**	**$240,239**	**$17,239**

Summary of Changes
($ in thousands)

	Fiscal Year 2007	Fiscal Year 2008	Change
Budget Authority	$223,000	$240,239	+$17,239
Full-time Equivalents	1,074	1,084	+10

	FTE	Dollars
Explanation of Change:		
A. Mandatory Salary and Contract Expenses:		
Annualized three-month cost of the January 2007 pay increase, and nine-month cost of the January 2008 pay increase.	---	+$4,639
Two additional pay days.	---	+$1,000
Upward grade classifications pursuant to 5 C.F.R. 531.401 et seq.	---	+$1,400
Non-pay inflation.	---	+$1,800
Subtotal:	**---**	**+$8,839**
B. FTE Program Needs:		
An additional 10 FTE in the Consumer Protection Mission to implement recommendations of the President's Task Force on Identity Theft and expected data security legislation and address other increasing data security and privacy issues.	**+10**	**+$1,400**
C. Non-FTE Program Needs:		
Consumer Protection outreach and enforcement efforts.	---	+$4,500
Litigation support, e-gov, and information technology initiatives.	---	+$1,600
Facility reconditioning, equipment replacement, records management, human capital, and support needs.	---	+$900
Subtotal:	**---**	**+$7,000**
Total Change:	**+10**	**+$17,239**

Budgeted Resources by Objective
($ in thousands)

Consumer Protection Mission

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

Maintaining Competition Mission

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

Annual Performance Measures
Fiscal Years 2007- 2008

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

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

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

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, [$223,000,000] *$240,239,000* 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 [$120,000,000] *$144,600,000* of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: *Provided further*, That, notwithstanding any other provision of law, [$18,000,000] *$19,000,000* 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 [2007] *2008*, so as to result in a final fiscal year [2007] *2008* appropriation from the general fund estimated at not more than [$85,000,000] *$76,639,000*: *Provided further*, That none of the funds made available to the Federal Trade Commission may be used to [enforce subsections (a), (e), or (f)(2)(B)]implement subsection (e)(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)].