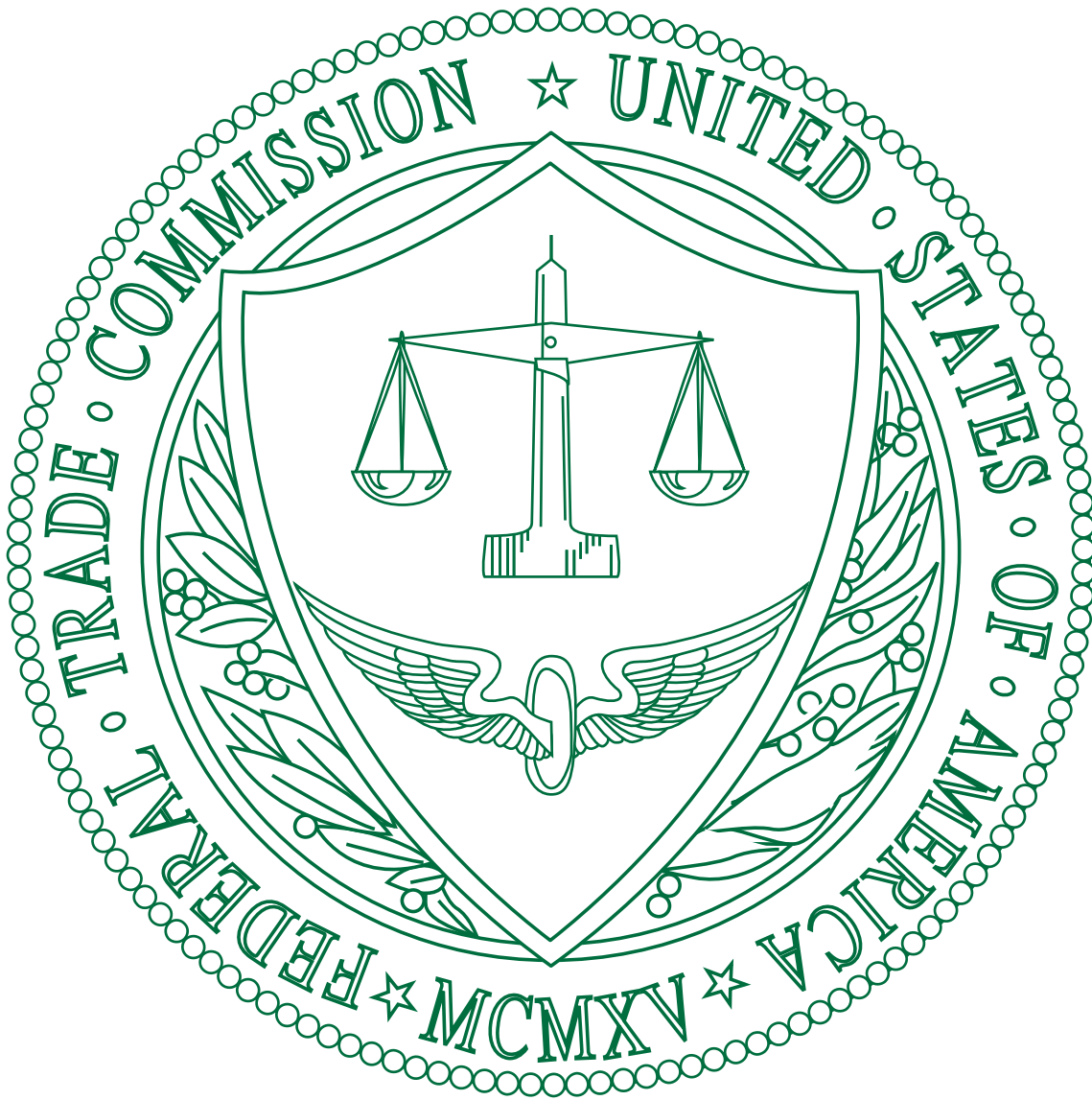


FISCAL YEAR 2016 PERFORMANCE REPORT AND  
ANNUAL PERFORMANCE PLAN  
FOR FISCAL YEARS 2017 AND 2018



Budgeted Resources by Objective  
(\$ in thousands)

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

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

FTE by Objective  
(\$ in thousands)

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

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

This page intentionally left blank.

## About This Report and Plan

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

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

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

## The FTC At-a-Glance

### Laws Enforced

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

## Profile

- The agency is headquartered in Washington, D.C. and operates with seven regions across the United States.
- The agency had 1,161 full-time equivalent employees at the end of FY 2016.
- Total new budget authority for FY 2016 was \$306.9 million.

## Agency and Mission Information

### Agency and Mission Information

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

### Mission

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

### Vision

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

### Our Purpose and History

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

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

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

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

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

### **Our Organization**

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

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

## Our People

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

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

## Performance Overview

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



## Strategic and Performance Planning Framework

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

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

## Performance Measurement Reporting Process

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

## Performance Goals Overview

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

## Relationship of Outputs to Outcomes

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

## Verification and Validation of Performance Data

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

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

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

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

### **Program Evaluation**

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

### **Strategic Human Capital Management**

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

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

### **Enterprise Risk Management**

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

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

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

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

## Annual Performance Goals: Fiscal Years 2014 to 2018

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

## Annual Performance Goals: Fiscal Years 2014 to 2018

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

## Annual Performance Goals: Fiscal Years 2014 to 2018

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



## Annual Performance Goals: Fiscal Years 2014 to 2018

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

This page intentionally left blank.

## Strategic Goal 1: Protect Consumers

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

### Evaluation and Research

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

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

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

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

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

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

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

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

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

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

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

### Strategies

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

### FY 2016 Strategic Objective Progress Update

#### Progress made

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

In addition, the agency continues to hold workshops to identify the consumer protection issues associated with changes in technology and the marketplace, and to identify scams affecting different communities. The agency has brought enforcement actions related to these workshop topics, such as privacy and data security, financial technology (FinTech), deceptive endorsements and native advertising, debt collection, and scams affecting specific populations, such as Spanish-speaking consumers and older Americans. As part of its *Every Community* initiative, BCP continues to conduct and spur additional research to examine fraud in various communities – older Americans, African Americans, Latinos, and military families, among others. The Commission released a report to Congress on reducing fraud in African American and Latino communities<sup>1</sup> and, in December, hosted a workshop to examine the effects of changing

---

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

consumer demographics on the marketplace.<sup>2</sup> Staff is also currently working on the next Fraud Survey.

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

### **Challenges or barriers**

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

---

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

## Performance Goals

### Performance Goal 1.1.1

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

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

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

**Performance Goal 1.1.2**

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

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

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





### Key Performance Goal 1.1.3

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

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

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



### Key Performance Goal 1.1.4

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

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

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

### Other Indicators

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

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

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

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

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

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

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

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

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

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

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

also will continue to publicize its consumer complaint<sup>3</sup> and identity theft websites and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of ways to contact the FTC to obtain information or file a complaint.

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

### Strategies

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

### FY 2016 Strategic Objective Progress Update

#### Progress made

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

---

<sup>3</sup> Consumer Sentinel Network Data Book for January through December 2016 (Mar. 2017), [https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-january-december-2016/csn\\_cy-2016\\_data\\_book.pdf](https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-january-december-2016/csn_cy-2016_data_book.pdf); National Do Not Call Registry Data Book FY 2016 (Dec. 2016), [https://www.ftc.gov/system/files/documents/reports/national-do-not-call-registry-data-book-fiscal-year-2016/dnc\\_data\\_book\\_fy\\_2016\\_post.pdf](https://www.ftc.gov/system/files/documents/reports/national-do-not-call-registry-data-book-fiscal-year-2016/dnc_data_book_fy_2016_post.pdf).

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

### **Challenges or barriers**

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

## Performance Goals

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



### Key Performance Goal 1.2.2

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

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

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

**Performance Goal 1.2.3**

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

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

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



**Performance Goal 1.2.4**

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

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

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

## Other Indicators

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

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

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

- Social media subscribers and followers. (Input measure)

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

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

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

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

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

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

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

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

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

### **Strategies**

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

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

## FY 2016 Strategic Objective Progress Update

### Progress made

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

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

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

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

### **Challenges or barriers**

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

## Performance Goals

### Performance Goal 1.3.1

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

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

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



### Key Performance Goal 1.3.2

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

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

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

**Performance Goal 1.3.3**

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

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

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



**Performance Goal 1.3.4**

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

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

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

## Other Indicators

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

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

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

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

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

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

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

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

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

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

This page intentionally left blank.

## Strategic Goal 2: Maintain Competition

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

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

### Evaluations and Research

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

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

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

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

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

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

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

### **Strategies**

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

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

## **FY 2016 Strategic Objective Progress Update**

### **Progress made**

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

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

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

### **Challenges or barriers**

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

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

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



## Performance Goals



### Key Performance Goal 2.1.1

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

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

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

**Performance Goal 2.1.2**

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

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

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



### Key Performance Goal 2.1.3

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

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

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

**Performance Goal 2.1.4**

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

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

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



### Key Performance Goal 2.1.5

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

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

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

### Other Indicators

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

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

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

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

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

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

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

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

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

**Strategies**

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

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

## FY 2016 Strategic Objective Progress Update

### Progress made

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

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

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

### Challenges or barriers

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



## Performance Goals

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

### Target Not Met

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

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

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

**Performance Goal 2.2.2**

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

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

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

**Performance Goal 2.2.3**

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

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

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

## Other Indicators

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Strategies

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

## FY 2016 Strategic Objective Progress Update

### Progress made

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

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

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

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

### Challenges or barriers

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

### Performance Goals



#### Key Performance Goal 2.3.1

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	95.0%	---	In FY 2016, the FTC had 80 substantive contacts in 46 enforcement matters with counterpart agencies around the world, including in Australia, Belgium, Brazil, Canada, China, the European Union, Germany, India, Ireland, Israel, Japan, Korea, Mexico, South Africa, Taiwan, and the United Kingdom. Those agencies reached compatible outcomes in all of the cases that were completed during the fiscal year. While the FTC will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies begin to assert their jurisdiction.
2017	95.0%	---	
2016	95.0%	100.0%	
2015	95.0%	100.0%	
2014	95.0%	100.0%	
2013	90.0%	100.0%	
2012	90.0%	100.0%	
2011	90.0%	100.0%	
2010	90.0%	100.0%	



### Performance Goal 2.3.2

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

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

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

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

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

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

## Strategic Goal 3: Advance Organizational Performance

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

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

### Evaluations and Research

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

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

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

### Objective 3.1: Optimize resource management and infrastructure.

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

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

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

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

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

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

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

### Strategies

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

### FY 2016 Strategic Objective Progress Update

#### Progress made

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

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

### Challenges or barriers

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

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

### Performance Goals

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

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

**Performance Goal 3.1.2**

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

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

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



**Performance Goal 3.1.3**

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

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

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

**Performance Goal 3.1.4**

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

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

Fiscal Year	Target	Actual	Target Met/Exceeded
2018	6.0 days	---	<p>In FY 2016, the FTC continued to process noncomplex Freedom of Information Act (FOIA) requests in less than six days. This fiscal year, the FTC received and processed more than 100 additional FOIA requests. Despite an increase in the number of FOIA requests received, the FTC exceeded its goal by processing noncomplex requests within an average of 5.9 days. For the fifth consecutive year, the FTC received the highest rating for its FOIA program in the Department of Justice’s (DOJ) 2016 Summary of Agency Chief FOIA Officer Reports Assessment of Federal Departments and Agencies. The report contained an overall assessment of the FTC’s performance in processing FOIA requests and the steps taken to ensure the agency maintains an efficient and effective system in place for responding to requests.</p> <p>*New performance goal in FY 2014. Historical data shown for context.</p>
2017	6.0 days	---	
2016	6.0 days	5.9 days	
2015	6.0 days	5.5 days	
2014	6.0 days	5.4 days	
2013	*	7.4 days	
2012	*	5.3 days	
2011	*	1.5 days	
2010	*	8.1 days	

**Other Indicators**

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

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

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

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

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

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

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

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

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

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

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

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

### Strategies

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

### FY 2016 Strategic Objective Progress Update

#### Progress made

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

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

### **Challenges or barriers**

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

### **Performance Goals**

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

**Performance Goal 3.2.1**

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

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

**Key Performance Goal 3.2.2**

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

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



**Performance Goal 3.2.3**

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

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

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

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

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

## Other Information

### MAJOR MANAGEMENT PRIORITIES AND CHALLENGES

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

### FY 2016 Management Priorities

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

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

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

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

### **FY 2017 Planned Management Priorities**

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

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

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

## OIG MANAGEMENT CHALLENGES

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

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

#### **Responsible Official: Executive Director, Office of the Executive Director**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Key Milestones to Address this Challenge:**

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

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

##### **Responsible Official: Executive Director, Office of the Executive Director**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Insider Threat Program**

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

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

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

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

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

## Key Milestones to Address this Challenge:

### Part a

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

### Part b

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

## Challenge Three: Improving Acquisition Planning and Contract Management

### Responsible Official: Executive Director, Office of the Executive Director

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

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

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

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

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

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

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

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

## Agency Progress in Addressing the Challenge

### COR Education

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



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

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

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

### **Revised Policies and Procedures**

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

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

### **IT Acquisition Planning, Project Management, and Contract Management**

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

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

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

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

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

#### **Key Milestones to Address this Challenge:**

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

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

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

#### **Challenge Four: Acquiring Employee Suitability Determinations**

##### **Responsible Official: Executive Director, Office of the Executive Director**

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

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

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

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

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

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

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

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

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

#### **Key Milestones to Address this Challenge:**

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

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

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

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

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

---

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

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

This page intentionally left blank.