# Takeaways from the FTC’s 2023 Budget Proposal

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ICYMI, the White House’s 2023 budget proposal includes $490 million for the FTC, reflecting a substantial increase ($139 million) over the FTC’s current budget of $351 million. To support this proposal, the FTC recently submitted a budget justification to Congress providing details about the need for the increase and how the funds would be spent. Our brief review of the FTC’s submission turned up some interesting insights:

**Overview of the Budget Numbers**

The White House budget framed the FTC’s $139 million raise (plus an extra $88 million proposed for DOJ’s Antitrust Division) as necessary to support “vigorous marketplace competition through robust enforcement of antitrust law.” However, the underlying documents show that the FTC’s increase will actually be spread across *both* FTC missions – consumer protection and competition. (Although the increase skews slightly towards competition, consumer protection would remain the larger of the two missions.) Here are the numbers:

- Overall headcount would increase by 300 (from 1140 to 1440), with 148 new FTE going to consumer protection and 152 going to competition (for a new total of 760 for consumer protection and 680 for competition).
- The consumer protection budget would increase from $191,461,000 to $250,387,000, while competition funds would increase from $159,539,000 to $239,613,000.
- Of the 300 new FTE, 201 would be “evenly distributed” in BCP, BC, and the FTC’s Regional offices (presumably 67 to each). The rest would be allocated among the other offices at the agency. (To avoid confusion, it’s important to remember that multiple offices contribute to the two missions. For example, BCP is just part of the “consumer protection mission” for budgetary purposes, and the Regional offices do substantial work that is classified under “consumer protection” as well.)

**Need for Increase**

According to the FTC, the increased budget is necessary to tackle the increased demand on the agency’s resources over past 5 years. It cites as key examples:

- An increase in consumer complaints submitted to the FTC (from 2.9 to 5.7 million) during this period.
- For consumer fraud alone, complaints increased from 1.3 to 2.8 million, reflecting a fivefold increase in reported financial losses (from $1.1 billion to over $5 billion).
- Notice to the FTC and DOJ of 3,520 transactions in 2021, representing an increase of 66% over the prior 10-year high.

**Expanded Regional Office Role**

A key feature of the budget is how it allocates resources among BCP and BC (both in DC) and its eight Regional offices. Historically, the headcounts in BCP and BC have each been larger than the total headcount in the Regional Offices. Therefore, in allocating 201 new FTE equally among the three, the new budget would increase the proportion of staff in the Regions.

As the FTC explains, the proposed budget "leverages the agency's existing Regional Office structure to expand the agency's candidate pool and community presence, promotes the expansion of workplace flexibilities, and implements a more flexible workforce that will work seamlessly on both Consumer Protection and Competition matters." Further, expansion of the Regions will establish a more "national presence," increase access to the "best and brightest employee candidates," and attain "closer proximity to the communities the FTC serves."

The FTC also states that it will "intentionally" hire and "cross-train" attorneys so they can support either mission "depending on the demands of the market." (There's some suggestion that this will occur agency-wide, not just in the Regions, but the document is vague on this point.)

For BCP in particular, the Regions will function as a "dispersed and nimble workforce" that can be deployed across all consumer protection program areas, including privacy, data security, deceptive advertising, protecting consumers in the financial marketplace, and fraud targeting specific populations.

For BC, the goal is to ensure that *all* of the Regional offices have the expertise and resources to do competition work, in contrast to the three that perform this work now.

**Reallocation Within the Two Missions**

The FTC's submission also allocates resources to program areas *within* each of the two missions. For consumer protection, the Privacy and Identity Protection program gets the biggest boost, with 40 additional FTE (for a total of 101). Meanwhile, Financial Practices gets 20 (new total 91); Advertising Practices gets 19 (new total 78); Enforcement gets 9 (new total 63); and Marketing Practice loses 3 (new total 119). (Again, these numbers include FTE in, not just BCP, but other parts of the agency, including the Regional offices.)

Even with its reduction, Marketing Practices remains the largest program, due in part to the large number of cases in this area (generally fraud) historically brought by the Regional offices. The loss of 3 FTE likely reflects the FTC's goal to have the Regions perform more non-fraud work.

The new budget also provides new allocations for Competition's programs, with increases chiefly allocated to enforcement activity. In particular, in its budget submission, the FTC emphasizes the need to increase the size and resources of BC's Technology Enforcement division, which it states is outmatched by tech companies tenfold in some cases.

**Other FTC Offices**

Some of the additional resources will be allocated to FTC policy and support functions – most notably, 25 new FTE to the Office of Policy Planning (OPP), 20 to the Bureau of Economics, 17 to the Executive Director's office, and 10 each to the General Counsel and Commissioners' offices.

The FTC's narrative regarding OPP (a policy shop that has traditionally done studies and reports under the direction of the FTC Chair) suggests that most of its additions will be to hire data analysts, financial analysts, and technologists, likely giving OPP a more prominent role in advising and working with staff throughout the agency.

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The big takeaways here are not surprising: FTC Chair Khan has been saying for months that she wants to expand the role of the Regional offices. Further, the FTC has been requesting additional resources for years, especially for privacy and technology enforcement. However, the FTC’s budget request includes details not provided to date, and its fate will be worth watching in the coming months. Look for updates in this space.