

Chair Khan Opening Statement
House Committee on Appropriations
Subcommittee on Financial Services and General Government
United States House of Representatives
Budget Hearing – Fiscal Year 2024 Request for the
Federal Trade Commission
April 27, 2023

Chairman Womack, Ranking Member Hoyer, and members of the Subcommittee, thank you for inviting me to testify today. It is an honor to be here. In my remarks I'll share with you some of the tremendous accomplishments by FTC staff over the last year, and to discuss the Commission's budget request for fiscal year 2024. We are grateful for the increased funding Congress has provided in recent years, particularly in the current fiscal year.

We put the resources Congress gives us to take on some of the most pressing challenges that Americans face in our economy. As the Commission's written testimony lays out, the FTC has accomplished an enormous amount over the last year, despite significant hurdles. These accomplishments are a testament to the hard work and creativity of FTC staff, who day after day are fighting to protect American consumers, workers, and honest businesses—even when it means taking on some of the most powerful corporations in our economy. The talented, dedicated professionals of the Federal Trade Commission are the agency's greatest asset.

The Federal Trade Commission is small but mighty. During fiscal year 2022, the FTC returned \$497 million to consumers and the U.S. Treasury General Fund. To continue to fight for consumers and fair competition, the Commission is requesting for fiscal year 2024 \$590 million and 1,690 FTE. This would increase our budget by \$160 million and fund an additional 310 FTE over our planned fiscal year 2023 level. For fiscal year 2022, every dollar of the FTC's costs returned an estimated \$30 in FTC-provided benefits to the American public. We expect that a larger budget would position us to further grow this return on investment.

We are making this request because Congress has given the FTC a critical job—but our resources have not kept up. Despite some of the recent increases in our budget, the agency remains smaller than we were in 1980—even as the nation’s economy has grown six-fold since then. Demands on the FTC continue to grow, as we review multi-billion dollar corporate mergers, tackle major litigations against unfair or deceptive practices, review millions of consumer complaints a year, and respond to a steady stream of requests for research and investigation of various economic sectors.

Additional resources would allow us to expand the critical work that the FTC staff is doing. Despite various hurdles, the agency is firing on all cylinders to fully execute on our mandate to promote fair competition and protect Americans from unfair or deceptive practices.

On the consumer protection side, we are redoubling our efforts in traditional areas of enforcement—like protecting Americans’ privacy and combatting fraud—while also activating additional authorities that Congress has given us. In the last year alone, we’ve used a number of these authorities for the first time, including bringing our first action under the Opioid Addiction Recovery Fraud Prevention Act; the Health Breach Notification Rule; the Military Lending Act; and the Made in USA Rule. In the meantime, we’ve also been racking up record monetary judgments—including the largest-ever judgment to protect kids’ privacy, the largest monetary judgment in a fair lending case, and the largest administrative judgment ever.

The Supreme Court’s 2021 decision in *AMG* severely limited the Commission’s ability to get money back for consumers under Section 13(b) of the FTC Act from companies that engage in unfair or deceptive practices. Since then, the Commission has proposed rules to address some of the most widespread scams, like government imposter scams, because the FTC

Act authorizes the Commission to seek consumer redress for rule violations. The Commission also began several rulemaking proceedings to address unwanted charges made by companies, including seeking comment on a potential junk fees rulemaking and proposing our “click to cancel” rule, which would require companies to make it as easy to cancel a subscription as they do to sign up for one. The Commission also reactivated its Section 6(g) competition rulemaking authority, and has received over 25,000 comments on its proposed rule to ban employers from imposing noncompete restrictions on workers, restrictions that block workers from freely switching jobs, deprive them of higher wages and better working conditions, and limit businesses from accessing a talent pool that they need to build and expand. Rules are a force multiplier for the Commission’s limited resources, allowing our talented staff to do more with less.

The Commission is also committed to using all of its authorities provided by Congress to capture the full scope of harm from illegal mergers and conduct. Over the past 16 months, the FTC has moved to challenge major transactions in critical sectors of the economy, including semiconductors, defense, energy, healthcare, mortgage technology, and digital markets. This includes filing suit to block eight mergers outright, as well as eleven other anticompetitive mergers that parties abandoned after the agency indicated competition concerns but before it filed a complaint. Despite the heavy merger workload, the Commission also continues to scrutinize anticompetitive practices. The Commission partnered with a bipartisan coalition of ten state attorneys general to take action against the two largest pesticides manufacturers, Syngenta and Corteva, for “pay to block” schemes that blocked farmers from having access to cheaper generic products—resulting in farmers over-paying by billions of dollars.

The Commission is using its statutory mandate to engage in market-wide inquiries that

allow us to keep pace with new business practices and market trends. Last June, the Commission authorized a 6(b) study of the contracting practices of pharmacy benefits managers (“PBMs”). This comprehensive study will shine a light on the opaque operations of these large pharmacy middlemen who can dictate whether Americans have access to life-saving drugs. The Commission has also used its 6(b) authority to order nine large retailers, wholesalers, and consumer goods suppliers to provide information needed to better understand both the factors that have contributed to supply chain disruptions and how they may have contributed to bottlenecks, shortages, or rising consumer prices.

We are also continuing to invest in our expertise. We recently launched an Office of Technology so that we can keep pace with an increasingly digitized economy. This new office is hiring data scientists and engineers, AI experts, and technologists with expertise across a range of additional specialties, including augmented and virtual reality. These talented individuals will engage with teams across the FTC to strengthen and support enforcement actions.

In short, the FTC is on the front lines of some of the most pressing challenges Americans face. Ensuring that we can fully execute on the mandate that Congress has given us requires a greater commitment of resources.

Thank you for the opportunity to appear before you today. I am happy to answer any questions.
