

Commissioner Slaughter Opening Statement
[as prepared for delivery]
Committee on Energy and Commerce
Subcommittee on Innovation, Data & Commerce
United States House of Representatives
July 9, 2024

Chairman Bilirakis, Ranking Member Schakowsky, Chair McMorris Rodgers, Ranking Member Pallone, and members of the Subcommittee, I am grateful for your invitation to testify today about the vital work of the Federal Trade Commission and how we carefully budget the appropriations you provide in support of that work.

We last appeared before this Subcommittee about 15 months ago. I want to begin by acknowledging a small but essential set of new expenditures that arose in that time—the salaries of Commissioner Holyoak and Commissioner Ferguson and their staffs. I am so happy that the Commission has been restored to full strength with the addition of my Republican colleagues, whom I count as friends. The Commission delivers best for the American people when our work benefits from different perspectives and ideas, and even disagreement. We have already found many areas of common ground and some areas of dispute, but, wherever we end up on a given matter, I know that the outcome is better because of the rigor, passion, wisdom, and care that our two newest colleagues bring to bear.

Turning to the subject of today’s hearing, I want to start with an area of vigorous agreement among all five of us: The FTC’s brilliant and dedicated staff are the lifeblood of our work. Their expertise allows us to quickly understand the dynamics of an opaque market when we evaluate a merger under unforgiving statutory timelines. Their creativity enables us to continue to deliver redress to your constituents who lost money to scams, three years after the Supreme Court took away our best tool for doing so. Their technical sophistication helps us stay abreast of changes in the marketplace and tackle novel challenges such as those posed by

artificial intelligence. And their commitment means that they do this important work often on nights and weekends and always at salaries far less than they would command in the private sector.

I foreground our staff's tremendous value at the outset of a conversation about the FTC's budget because a supermajority of our expenditures are for personnel costs. Generally speaking, when Congress provides increased appropriations to the FTC, we hire staff and put them to work for the American people, whether stopping robocalls or fighting unfair pharmaceutical practices or advancing the right to repair. Likewise, if Congress were to reduce appropriations, we would have to reduce and possibly freeze hiring—or worse, consider furloughs or reductions in force—and pass up important investigations and enforcement matters.

Fifteen months ago, my message to you was one of sincere thanks. Congress had wisely invested substantial new appropriations in the FTC, and we have been systematically deploying those taxpayer funds to maximize our effectiveness. Let me say again: Thank you for those appropriations. I work hard, and our staff works hard, to use those resources efficiently. Returning money wrongfully taken from the American people is only part of what we do, but we do an astounding amount of it, delivering redress of \$324 million in 2023, \$393 million in 2022, \$472 million in 2021, \$483 million in 2020, and \$373 million in 2019, my first full year as Commissioner. In addition to the money we return directly to Americans who have been harmed, a measure of the value of the FTC's work is the harm that is prevented when illegal conduct is stopped and better yet deterred from happening to begin with. That occurs when we obtain injunctions against scams, block anticompetitive mergers, and challenge illegal drug pricing schemes. Investing in the FTC yields a tremendous return for the American people.

And I know that the members of this Subcommittee, and indeed so many of your colleagues, recognize that value. We regularly receive letters from Members of Congress asking us to investigate consumer protection and competition practices, the scope of which is as varied and broad as the Commission's jurisdiction.

My message to you today is to stay the course. Let me sketch out two scenarios. In one, imagine that our 2025 funding level is, say, our 2024 level with a one percent bump. In the other, imagine that our 2025 funding level is a ten percent cut from 2024.

The first scenario, with a one percent bump, does not put the FTC on a primrose path. Far from it. But in this scenario we could cover part of the impact of the unfunded 5.2% pay raise in FY2024. And whether or not there is another pay raise in 2025, the practical reality is that a 1% bump and much more would be consumed by increased payroll costs, even with limited hiring and some attrition. In this scenario, we will have to cut back on some enforcement actions that require expert witnesses. We will also continue to pursue facilities reductions, but it is unlikely that those savings would be available before 2026. I do not want to mince words: Under this scenario, some anticompetitive deals and conduct would proceed unchallenged, and our ability to tackle cutting edge issues such as AI-fueled fraud, to fight scams that target veterans, to protect children and teens online, and to combat illegal robocalls would be limited.

In the other scenario, in which our 2025 funding levels are a ten percent cut from 2024 levels, the impacts would be nothing short of dire. As you know the House's Appropriations Subcommittee on Financial Services and General Government received an allocation for 2025 that is ten percent less than 2024, and the full Appropriations Committee recently voted to cut the FTC's appropriations by nine percent, or \$37 million. Under this scenario, we will absolutely have to furlough large cohorts of our staff. Our mission will be imperiled. We will be unable to

make the necessary investments in information technology and other infrastructure we need to tackle increasingly complex law-enforcement matters. Mergers we cannot afford to challenge will result in higher prices and less choice for the American people. Fraud will multiply unchecked. And we certainly will not begin to be able to tackle the additional work that Members of Congress periodically suggest to us. You may know that the word “decimate” comes from the ancient Roman practice of killing one in every ten soldiers after a loss in battle. Our staff have been working so hard for the American people, and they win far more tough battles than they lose. Please, please do not imperil our mission and American consumers by decimating the FTC. I implore you instead to stay the course.

I have focused my remarks on our budget, but I would be remiss not to mention two legislative reforms that are urgently needed and that I know this Subcommittee is exploring diligently. First is section 13(b) of the FTC Act. As you know, for more than forty years, under bipartisan administrations, and with the blessing of eight circuit courts, the FTC brought actions in federal court to return money to consumers from whom it was unlawfully taken and to prevent wrongdoers from keeping the fruits of their lawbreaking. Unfortunately, three years ago, the Supreme Court decided, in *AMG Capital Management v. FTC*, that section 13(b) does not authorize equitable monetary relief. I am grateful to this Subcommittee for your work to pass an urgently needed fix to section 13(b) to make explicit that courts can order law violators to return the money they wrongfully took and to prevent them from profiting off their lawbreaking. The extra work that our staff must do to get your constituents their money back because of *AMG* is substantial—and that’s when we succeed. Too often these days the bad actor gets to keep the money. Let me put it bluntly: A section 13(b) fix is, on the back of my envelope, an eight-figure annual cost savings for the American people.

Second, I know that you are hard at work on protecting Americans' privacy. We continue to stand ready and willing to support your efforts to enact a comprehensive national privacy law. And if you succeed in your efforts, please remember that standing up and enforcing a new privacy regime will require a corresponding investment in the personnel, technology, and infrastructure necessary for its success.

I thank you and look forward to your questions.
