

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014	FY 2015	FY 2016	FY 2015 TO FY 2016	
	Actual	Estimated	Estimated	\$ Change	% Change
Data Center	\$46,940	\$57,991	\$63,157	\$5,166	8.91%
Research and Analysis	\$7,700	\$14,578	\$11,478	(\$3,100)	-21.26%
Operations and Support Services	\$28,626	\$26,979	\$33,470	\$6,491	24.06%
Total Cost of Operations	\$83,266	\$99,548	\$108,105	\$8,557	8.60%
FTE	166	230	270	40	17.39%

Summary

The *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (the Dodd-Frank Act) established the Office of Financial Research (OFR or Office) within the Department of the Treasury (Treasury) to serve the Financial Stability Oversight Council (Council), its member agencies, and the public by improving the quality, transparency, and accessibility of financial data and information; conducting and sponsoring research related to financial stability; and promoting best practices in risk management.

The OFR, as an office within the Treasury Department, is aligned with the Treasury strategic goal of “Promoting domestic economic growth and stability while continuing reforms of the financial system,” and the associated objective of “Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability.” The OFR also is aligned with the Treasury objective of “Support effective, data-driven decision making and encourage transparency through intelligent gathering, analysis, sharing, use and dissemination of information” to help create a 21st century approach to government. Aligning to these Treasury goals and objectives, and consistent with the Dodd-Frank Act, the OFR

has established five strategic goals to help achieve its mission, as described below.¹

The OFR is an essential source of data and analysis for monitoring threats to financial stability.

Key objectives of this goal include:

- OFR’s monitoring tools and analysis are widely used and critical to assessing financial stability;
- Data used to monitor financial stability are comprehensive, reliable, and accessible to policy makers and the public through the OFR; and
- Data providers and the public trust that OFR data are protected and secure.

Standards that improve the quality and usefulness of financial data are identified and adopted.

Key objectives underlying this goal include:

- Recognition of the need for standards by policy makers and industry;
- The OFR is the source of expert knowledge needed to develop and implement types and formats of data reported and collected; and

¹ See the OFR’s strategic plan for FY 2012-2014 at <http://www.treasury.gov/initiatives/wsr/ofr/Documents/OFRStrategicFramework.pdf> and Treasury’s strategic plan at <http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx>

- Financial data standards that create efficiencies and facilitate analysis are widely used.

Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management.

Key objectives underlying this goal include:

- The OFR is the recognized center for objective, innovative research on financial stability and
- OFR research is widely cited and used in policymaking, risk management, and data management.

OFR FY 2016 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2015 Estimated Budget	230	\$99,548
Changes to Base:		
Program Changes		
Program Increases	40	\$8,557
Personnel Steady State	40	\$4,223
Non-Personnel Steady State		\$4,334
FY 2016 Base	270	\$108,105
FY 2016 Estimated	270	\$108,105

Explanation of Budget Activities

Data Center (\$63,157,000 from revenue/offsetting collections)

The Dodd-Frank Act provided that the Data Center, on behalf of the Council, collect, validate, and maintain all data necessary to carry out the duties of the Office. As part of this mandate, the Data Center provides data services to federal financial regulators to increase efficiency in data acquisition and management, to promote the reduction of redundant reporting requirements across the regulatory system (including through more effective data sharing arrangements), and to ensure the security of sensitive data. The promotion of standards for financial data is expected to provide benefits to regulators and

financial market participants by making data aggregation easier, improving analysis, and reducing costs associated with data collection. To support transparency in its operations and better public understanding of risks to financial stability, the Data Center also publishes data and data-related information, as well as information on its activities.

Research and Analysis (\$11,478,000 from revenue/offsetting collections)

The Dodd-Frank Act provided that the Research and Analysis Center, on behalf of the Council, develop and maintain independent analytical capabilities and computing resources:

- To develop and maintain metrics and reporting systems for risks to the financial stability of the United States;
- To monitor, investigate, and report on changes in system-wide risk levels and patterns to the Council and to Congress;
- To conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- To evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- To maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- To investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- To conduct studies and provide advice on the impact of policies related to systemic risk; and,
- To promote best practices for financial risk management.

To support effective achievement of these objectives, the OFR is also establishing forums and networks to bring together experts from

within and outside the regulatory system. In addition, the OFR is publishing key results of its analyses to support transparency in its operations and promote public understanding of threats to financial stability.

Operations and Support Services (\$33,470,000 from revenue/offsetting collections)

These activities cover all operational, legal, and administrative functions that support the effective, transparent, and well-monitored delivery of the OFR's core outputs related to data, research, and analysis. This includes support provided through reimbursable arrangements with other activities in Treasury Departmental Offices, as well as outside service providers.

OFR Performance by Budget Activity

Description of Performance

In early FY 2013, the OFR established performance measures tied to its strategic goals and collected data on those measures through the fourth quarter. In 2014, the OFR revised some its measures to more accurately measure the performance of the organization, and aligned them to our new strategic goals. The OFR is continuing to review its performance measures in FY 2015 and may revise them based the ability to obtain additional data. The OFR now measures its progress by quarter. The OFR will continue to review all measures as the organization matures, and revise them as necessary.

OFR Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Data Center	Percent of responses to Council data and research requests that meet delivery targets	N/A	94	Disc	DISC	DISC	DISC
Data Center	Percent of Council work requests completed by the OFR	N/A	N/A	85%	89%	85%	85%
Data Center	Percent of project milestones met for establishment of an interagency data inventory program	N/A	88	DISC	DISC	DISC	DISC
Data Center	Percent of interagency data inventory records validated	N/A	N/A	B	60%	DISC	DISC
Data Center	Percent of milestones met in information standards strategy	N/A	100	100	DISC	DISC	DISC
Data Center	Percent of data standards strategy milestones completed	N/A	N/A	100%	93%	DISC	DISC
Research and Analysis	Number of R&A products made public year-to-date	N/A	10	15	11	15	15
Research and Analysis	Number of collaborative research and analysis products made public year-to-date (subset of above)	N/A	8	10	10	DISC	DISC
External Affairs	Percent increase in the number of OFR web page visits	N/A	1	15	DISC	DISC	DISC
External Affairs	Percent increase in the substantive content made public on the OFR web site	N/A	N/A	20	13	DISC.	DISC
Operations and Support Services	Percent of OFR implementation priorities completed	N/A	DISC	DISC	DISC	DISC	DISC
Operations and Support Services	Cost of the OFR relative to total assessed assets, per \$billion assessed	N/A	\$3,230	\$7,700 (to be based on a 4-year rolling average)	DISC	DISC	DISC
Operations and Support Services	OFR fiscal year expenditures as a percentage of total assessed assets, per \$billion assessed	N/A	N/A	\$4,000	\$4,002	DISC.	DISC
Operations and Support Services	Total staff hired compared to targets	N/A	85%	100%	90%	100%	100%

Several measures have been discontinued and will be replaced or revised in FY 2015 based on the OFR's efforts to examine its measures for effectively assessing the performance of the organization.