Department of the Treasury
Office of Financial Research

Congressional Budget Justification and Annual Performance Plan and Report

FY 2024

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Section I - Budget Request

A – Mission and Vision Statement

<u>Mission</u>: Promote financial stability by delivering high-quality financial data, standards, and analysis principally to support the Financial Stability Oversight Council (FSOC) and its member agencies.

<u>Vision</u>: A transparent, accountable, and resilient financial system.

B – Summary of the Request

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2024 funding level of $105.725 million, which is $4.453 million higher than its FY 2023 estimated funding level. The FY 2024 Budget includes increases in funding for the Data Center, Research and Analysis Center (RAC), and Operations and Support Services. The increased funding reflects the resources required to effectively execute emerging research, monitoring, and data priorities in support of the OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203). The increased funding will also support moving the OFR Climate Data and Analytics Hub from a pilot concept to a permanent platform, the Joint Analysis Data Environment. When fully operational, OFR's Joint Analysis Data Environment will be equipped with a variety of financial stability related data, high-powered computing, and analytic software, available to all FSOC member agencies. While climate-related data was the focus for the pilot use of the environment, the Joint Analysis Data Environment will provide tools that are able to accommodate a wide range of financial stability related data and analysis.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022 Actual		FY 2023 Revised Estimate		FY 2024 Estimate		FY 2023 to FY 2024 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$77,418	0	$98,674	0	$107,472	NA	8.92%
Interest	0	$472	0	$2,027	0	$2,270	NA	12.01%
Recoveries	0	$6,266	0	$880	0	$1,056	NA	20.00%
Restoration of Sequestration Rescission	0	$3,441	0	$4,440	0	$5,740	NA	29.29%
Unobligated Balances from Prior Years	0	$46,411	0	$52,834	0	$51,843	NA	-1.88%
Total Revenue/Offsetting Collections	**0**	**$134,008**	**0**	**$158,855**	**0**	**$168,381**	**NA**	**6.00%**
Expenses/Obligations								
Data Center	10	$3,321	16	$15,062	21	$22,824	31.25%	51.53%
Technology Center	53	$47,397	67	$48,137	83	$37,322	23.88%	-22.47%
Research and Analysis Center	25	$8,335	31	$16,789	39	$20,604	25.81%	22.72%
Operations and Support Services	31	$17,681	34	$21,284	41	$24,975	20.59%	17.34%
Total Obligations	**119**	**$76,734**	**148**	**$101,272**	**184**	**$105,725**	24.32%	4.40%
Sequestration Reduction		-$4,440		-$5,740		-$6,255		
Net Results	**119**	**$52,834**	**148**	**$51,843**	**184**	**$56,401**	**24.32%**	**8.79%**

1) The OFR is financed through assessments on certain bank holding companies and nonbank financial companies. See <u>Treasury's final rule</u>.
2) For information regarding current and historical assessment rates: https://www.financialresearch.gov/strategy-budget/
3) The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2024 funding level of $105.725 million, which is $4.453 million higher than its FY 2023 estimated funding level. The FY 2024 Budget includes increases in funding for the Data Center, Research and Analysis Center (RAC), and Operations and Support Services. The increased funding reflects the resources required to effectively execute emerging research, monitoring, and data priorities in support of the OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203). The increased funding will also support moving the OFR Climate Data and Analytics Hub from a pilot concept to a permanent platform, the Joint Analysis Data Environment.

The FY 2023 Revised Estimate incorporates changes to reflect actual data available as of February 2023. Specifically, the OFR updated its FY 2023 budget forecast to reflect more current data than was available at the time of the FY 2023 President's Budget Request. The FY 2023 revised estimate includes expanded access to the OFR Climate and Analytics Hub with the Joint Analysis Data Environment and non-recurring services and information technology investments required to execute mission priorities. While this includes an update to projected full-time equivalents, hiring remains a top priority.

Following the FY 2022 launch of the OFR Climate and Analytics Hub pilot, the OFR decided to create the Joint Analysis Data Environment to provide FSOC member agencies access to the hub, expand its collection of hub data over time, and increase its analytical software offerings.

The Joint Analysis Data Environment's objective is to provide high-powered computing, analysis-ready data, and analytic software in a secure, collaborative environment to users from FSOC member agencies. The Joint Analysis Data Environment will enable users to securely share code, data, and documents to enable collaboration on research topics related to financial stability.

OFR is furthering work on collecting Non-Centrally Cleared Bilateral Repo Data moving from a pilot to a permanent data collection. FY 2023 work will focus on finalizing the notice of proposed rulemaking for the data collection. Additionally, OFR will begin planning efforts for personnel, practices, and infrastructure needed for collecting daily repo transaction data.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2023 Revised Estimate	**148**	**$101,272**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,902
Pay Annualization	0	$438
Pay Raise	0	$1,315
Non-Pay	0	$1,149
Efficiency Savings	0	($10,272)
Non-recurring Costs	0	($10,272)
Transfers	0	$0
Data Procurement Transfer to Data Center	0	$11,600
Data Procurement Transfer from Technology Center	0	($11,600)
Other Adjustments:	20	$4,772
FTE Annualization	20	$4,772
Subtotal Changes to Base	20	($2,598)
FY 2024 Current Services	**168**	**$98,674**
Program Changes:		
Infrastructure and Research Capacity to Support Emerging Priorities	16	$7,051
FY 2024 Estimate	**184**	**$105,725**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$2,902,000 / +0 FTE

Pay Annualization (4.6%) +$438,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%)+$1,315,000 / +0 FTE

Funds are requested for anticipated increases to labor costs to include merit pay increases for qualifying staff.

Non-Pay +$1,149,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs……...-$10,272,000 / -0 FTE

Data Center Non-Recur for Specialized Subject Matter Expert (Contract) -$10,272,000 / -0 FTE

This efficiency adjustment eliminates one-time funding used in FY 2023 for specialized expert support services for IT contractors to support a variety of projects, among them the creation and expansion of the OFR's Joint Analysis Data Environment; investments in OFR's recruitment and retention program; and the modernization of OFR's conference spaces, to include VTCs.

Program Transfers…….. +$0 / +0 FTE

Data Procurement Transfer from Technology Center to Data Center +$0 / +0 FTE

This request includes moving the Data Procurement costs, which total $11.6 million annually, from the Technology Center back to the Data Center (it was initially moved to the Technology Center in FY 2019). This decision is part of a broader effort to have data-related decision making

and costs be under the oversight of the Data Center, rather than under the Technology Center. This aligns with planned work to establish the OFR's Joint Analysis Data Environment and with the role of the Deputy Director of Data, which serves as the OFR's Chief Data Officer. This change enables the OFR to more efficiently, effectively, and strategically manage data as an asset and as a component of the Office's data products and services to best serve the OFR's needs and those of the FSOC and its member agencies.

Other Adjustments …….. +$4,772,000 / +20 FTE
FTE Annualization +$4,772,000 / +20 FTE
OFR anticipates the hiring of an additional net 20 FTEs late in FY 2023 that would be fully funded at the outset of FY 2024. These staff will support all four major OFR budget activities and will provide a baseline for the office as it continues to grow to support the OFR's legislative mandate under Dodd-Frank.

Program Increases…….. +$7,051,000 / +16 FTE
Infrastructure and Research Capacity to Support Emerging Priorities +$7,051,000 / +16 FTE
This program increase is driven by new work requirements in support of the FSOC's and the Administration's emerging priorities: climate-related financial risks, expanded short-term funding markets monitoring, asset management/hedge fund monitoring, digital assets/cryptocurrencies, and cybersecurity. It provides:
- Expanded access to the OFR Climate and Analytics Hub pilot into full production as the Joint Analysis Data Environment
- Data sharing and data product functionality and support as increasingly demanded by internal and external stakeholders. This includes the development and maintenance of the OFR Joint Analysis Data Environment serving multiple stakeholder groups.
- Funding for anticipated increases for new data acquisition requests and data management support needs for the OFR Joint Analysis Data Environment.
- Key research on financial stability, especially risks and vulnerabilities in frontier areas, from our external stakeholders.
- OFR's first internal formal data collection utility, which will serve as the technology infrastructure for the permanent collection of non-centrally cleared bilateral repurchase agreement (repo) data in FY 2024. The collection utility will be designed and scaled to intake future data collections securely and efficiently.
- A research grants program to drive high-impact research and analysis in research areas outside of traditional finance and economics disciplines.
- Investments in emerging cybersecurity needs, ensuring an ability to meet evolving demands for secure, cloud-based infrastructure.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022 Actual Obligations	FY 2023 Revised Estimated Obligations	FY 2024 Estimate
11.1 - Full-time permanent	22,584	27,839	36,244
11.3 - Other than full-time permanent	0	8	9
11.5 - Other personnel compensation	766	972	1,128
11.9 - Personnel Compensation (Total)	**23,350**	**28,819**	**37,381**
12.0 - Personnel benefits	9,663	10,240	13,491
Total Personnel and Compensation Benefits	**$33,013**	**39,059**	**50,872**
21.0 - Travel and transportation of persons	37	49	47
23.3 - Communications, utilities, and miscellaneous charges	149	221	210
24.0 - Printing and reproduction	7	5	5
25.1 - Advisory and assistance services	23,991	36,994	26,248
25.2 - Other services from non-Federal sources	568	857	815
25.3 - Other goods and services from Federal sources	17	28	26
25.6 - Medical care	0	0	0
25.7 - Operation and maintenance of equipment	7,472	4,014	3,819
26.0 - Supplies and materials	10,231	15,517	20,263
31.0 - Equipment	1,165	2,890	1,659
32.0 - Land and structures	84	138	131
41.0 - Grants, subsidies, and contributions	0	1,500	1,629
Total Non-Personnel	**$43,721**	**62,213**	**54,853**
Total Obligations	**$76,734**	**101,272**	**105,725**
Full-time Equivalents (FTE)	**119**	**148**	**184**

1) Personnel compensation and benefits include direct OFR staff members only. Object Classification 25.3, "Other goods and services from Federal sources," and expenditures of "Operations and Support Services" include reimbursable support received from Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including human resource, procurement, travel, and financial management services.

D – Appropriations Language and Explanation of Changes
The OFR receives no appropriations from Congress.

E – Legislative Proposals
The OFR has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The OFR was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to assist the Financial Stability Oversight Council (FSOC) and its member agencies through research, analytic tools, and data-related support on issues related to financial stability. Serving principally the FSOC and its member agencies, the OFR is tasked with improving the quality, transparency, and accessibility of financial data and information; assessing and monitoring threats to financial stability; conducting and sponsoring research related to financial stability; and promoting best practices in risk management.

OFR priorities for FY 2024 include:
1. Expanding access to the OFR Climate and Analytics Hub with the OFR Joint Analysis Data Environment.
   a. Providing FSOC member agencies access to a fully operational Joint Analysis Data Environment; expanding its collection of hub data to include financial stability related public, academic, and commercial data sources on multiple topics; and increasing its analytical software offerings.
   b. Providing high-powered computing, analysis-ready data, and analytic software in a secure, collaborative environment to users from FSOC member agencies (including Treasury and the Federal Reserve Board). The OFR Joint Analysis Data Environment will enable users to securely share code and data.
2. Closing out the FY 2022 non-centrally cleared bilateral repo data collection and outreach pilot and establishing a permanent data collection.
3. Continuing research and analysis of pilot data and publication of several products related to its findings.
4. Establishing a permanent data collection of non-centrally cleared bilateral repo. The OFR will publish a notice of proposed rulemaking for the data collection and review and respond to public comments with the goal of developing and publishing a final rule.
5. Continued planning and implementation of processes and infrastructure needed to collect daily repo transaction data from an estimated 40 financial firms that are likely to be covered under a final rule. This includes hiring of additional personnel needed to interface with covered reporters and manage the collection.
6. Expanding research and analysis in the emerging priority areas; gathering non-traditional data through surveys to inform our understanding of financial risks; and modernizing the data product framework for long-term sustainability in support of better data use.

The OFR will continue to focus on monitoring risks to financial stability and enhancing and expanding tools for the OFR, FSOC, and FSOC member agencies to monitor those risks. The OFR will continue to provide stakeholders with high-quality, timely research and policy analysis. The OFR will also continue its work to identify and fill financial data gaps and to develop and implement financial data standards that underpin the quality, comparability, and interoperability of financial data needed for regulatory oversight work.

The OFR will continue to publish its statutorily mandated Annual Report that assesses the state of the U.S. financial system and presents key findings from the OFR's research. High quality

data, strong research expertise, and capable and flexible information technology are essential to continue to support these assessments. The OFR will continue to assist the FSOC Secretariat by providing data, analysis, and other resources needed for the FSOC's annual report to Congress. OFR will continue the role of Secretariat of the Regulatory Oversight Committee (ROC), an international group of financial market regulators, public authorities, and observers from more than 50 countries.

The OFR is maturing its human capital strategy to foster a high-performing and inclusive team, support employee engagement, and further strengthen its management team. Recognizing that organizational excellence is necessary for the OFR to achieve its mission, work slated for FY 2024 includes a range of initiatives related to human capital. The OFR will continue building on Federal Employee Viewpoint Survey results and other workforce data with a focus on internal communications, workforce planning, and learning and development. This also includes the deployment of a competency model that helps the OFR better understand existing staff's learning and development needs while improving understanding and planning related to the OFR's staffing pipeline. The OFR will continue maturing its organizational performance management, enterprise risk management, and enterprise-level strategic, tactical, and budget planning programs.

B –Budget and Performance by Budget Activity
2.1.1 – Data Center Resources and Measures
Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	$15,967	$5,849	$2,771	$3,033	$3,321	$15,062	$22,824
Budget Activity Total	$15,967	$5,849	$2,771	$3,033	$3,321	$15,062	$22,824
Full-time Equivalents (FTE)	42	9	9	10	10	16	21

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally	1,300,832	1,487,695	1,733,473	1,941,554	2,206,195	I	I	I
Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	1	1	3	2	0	I	I	I
Percent of monitors updated or expanded during the reporting period	N/A	N/A	N/A	100%	95%	95%	95%	95%

Key: I – Indicator

Data Center Budget and Performance
($22,824,000 from Assessments):
The Data Center seeks new ways to promote, share, and develop the OFR's data and data analytic products with external stakeholders, and advances the development and use of data standards to improve the quality and sharing of data across the regulatory system. The Data Center's efforts are divided into two major focus areas: 1) Data Products, and 2) Data Strategy

and Standards. The Data Center also acquires commercial, nonpublic, and proprietary data through procurements, provider agreements, and the OFR's own collection activities.

Data Products
The Data Products Team was launched at the start of FY 2019 to provide industry liaison support for the OFR's financial stability risk monitors. The team serves as the product integrator of the overall vision, management, and implementation of the data products program at the OFR. It continues to mature from a basic product promotion and support function to a unit that incorporates elements of data science in expanding the ability to gain deeper insight from financial markets data and data the OFR produces. The team also serves as a product owner in various cross-functional OFR teams—comprised of subject matter experts, engineers, and product designers—that facilitate issue resolution, promote enterprise-wide collaboration, and balance scope and resources.

An OFR data product is an asset whose primary function is to leverage data in a recurring and reproducible manner, to provide financial market transparency, analytical insights, or to make the organization's work more efficient and effective. This holistic view encompasses *functionality* (the product features), *technology* that enables the product features, *user experience* design that presents this functionality, and how the OFR attracts users and promotes product adoption. Data products also include *offline experiences* (e.g. training), that are essential to delivering the products' value, and automations that make OFR's work more efficient and effective. Each data product meets OFR quality control, compliance, and records management standards.

Throughout FYs 2023 and 2024, the team will continue efforts to enhance and expand the OFR's financial monitors. For FY 2024, Data Products will target having a 95% on-time publication of the financial monitors. The team will develop a common user-interface, data, and an analytical framework for the OFR's production of financial monitors; update deprecated production code for the Financial Stability Index and Money Market Fund Monitors; and review and update, if required, the underlying analytical methodologies of all the OFR's production financial monitors. The Data Products team plans to continue to implement the OFR Joint Analysis Data Environment. As part of this effort, it will produce and disseminate a lessons-learned report for the Climate Data and Analytics Hub pilot. As directed, it will continue to support FSOC and OFR climate-related financial research.

Data Strategy and Standards
The Data Strategy and Standards (DSS) team is the OFR's principal unit for ensuring the OFR meets its standards mandates. To meet these mandates, DSS leads and participates in domestic and international financial data standards organizations that meet the definition of a voluntary consensus standards organization, as established in the Office of Management and Budget's Circular No. A-119. Financial data standards for financial data benefit regulators and financial market participants by making data aggregation easier, improving analysis, and reducing data collection costs.

While promotion of the Legal Entity Identifier (LEI) remains a foundational standards focus for the OFR, the DSS team continues to play a leading role in the development of international consensus for, and governance of, vital identifiers for products, transactions, and the data

elements critical to derivatives market reporting and regulation. Throughout FYs 2023 and 2024, the team will also continue analyses to identify data standards gaps and formulate plans to fill them as deemed necessary. Specific engagements include contributing to the further development of the Natural Person Identifier (ISO 24366), a new standard of the International Organization for Standardization. This standard provides specifications to uniquely identify the natural person relevant to any financial transaction.

The DSS team also leads the standards development of the Financial Instrument Reference Database (FIRD) and will conduct analysis and validation of open datasets for use in future phases of the FIRD. This effort will be conducted in the X9 Industry Forum for Financial Terms Harmonization, with OFR as Chair. The DSS team will also continue to work with Treasury's Office of International Financial Markets in research and monitoring of emerging standards developments and potential risks in the area of payments, digital currency, digital identity and blockchain.

The OFR Data Center monitors progress through the following key performance indicators:[1]

- <u>Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally</u> – The LEI helps the financial industry, regulators, and policymakers trace exposures and connections across the financial system. It also generates efficiencies for financial companies in internal reporting; risk management; and in collecting, cleaning, and aggregating data. In addition, the LEI can ease companies' regulatory reporting burdens by reducing overlap and duplication with respect to the multiple identifiers reporting firms must manage. The indicator developed for the LEI tracks the progress of industry's use of the LEI over time.

- <u>Number of Times that Financial Data Standards are Incorporated in Rules and Regulations</u> – This data point serves as an indicator of regulators' awareness of the importance of data standards and the extent to which those standards are being adopted in rules and regulations. Similar to the indicator above, the Data Center monitors activity in this area to determine whether relevant pending rules and regulations incorporate financial data standards, as appropriate.

Throughout FYs 2023 and 2024, the team will continue its efforts to ensure the OFR meets its standards mandates. The team will mature the OFR's role supporting the Secretariat for the ROC and will deliver expert knowledge of standards and service to its members. The team is also focused on developing and delivering multiple climate data taxonomies or ontologies as requested to fulfil the requirements to complete the OFR Joint Analysis Data Environment; contributing standards requirements and compliance validation for uncleared bilateral repo data; and identifying industry data standards requirements obtained from the X9 Industry Forum for Financial Terms Harmonization and integrating new functionality into the OFR's FIRD. The team will also expand the OFR's standards guidance and support for main Treasury and the

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[1]Note that these are not measures but, rather, are indicators because the OFR, through its leadership in standards and regulatory oversight bodies and provision of technical guidance to other regulators, can influence these metrics but cannot directly control them.

FSOC to meet deliverables in payments, digital currency, digital identity, blockchain and potential international risks from new standards initiatives.

2.1.2 – Technology Center Resources and Measures
Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	$23,530	$28,278	$35,739	$40,743	$47,397	$48,137	$37,322
Budget Activity Total	**$23,530**	**$28,278**	**$35,739**	**$40,743**	**$47,397**	**$48,137**	**$37,322**
Full-time Equivalents (FTE)	**52**	**47**	**47**	**50**	**53**	**67**	**83**

Technology Center Budget and Performance
($37,322,000 from Assessments):
The OFR Technology Center oversees OFR's information technology systems and system security, including an information technology platform to support analysis of large-scale data sets. To advance Treasury's strategic goal to promote financial stability, the Technology Center provides mission-critical technology resources needed to produce financial stability monitors, research, and briefings for the FSOC and other stakeholders, and evaluations of financial stability policies. The Technology Center is responsible for providing secure access to data sets, and maintenance of data lineage, privacy, and governance. It provides data stewardship, onboarding, processing, storing, and archiving of data and work products.

The Technology Center's focus in FYs 2023 and 2024 will be on several major initiatives that will require infrastructure growth in the near future. As the OFR engages more intensively in the development of the Joint Analysis Data Environment, the Office will build and expand its information infrastructure to support these emerging needs. The Technology Center also anticipates additional development, data storage, and security controls to support the collection of uncleared bilateral repo data.

2.1.3 – Research and Analysis Center Resources and Measures
Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	$12,302	$8,238	$7,340	$8,692	$8,335	$16,789	$20,604
Budget Activity Total	**$12,302**	**$8,238**	**$7,340**	**$8,692**	**$8,335**	**$16,789**	**$20,604**
Full-time Equivalents (FTE)	**42**	**24**	**21**	**21**	**25**	**31**	**39**

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Timeliness of responses to FSOC research and analysis requests	N/A	N/A	100%	100%	95%	95%	95%	95%

Research and Analysis Center Budget and Performance
($20,604,000 from Assessments):
The OFR's Research and Analysis Center (RAC) conducts applied research and analysis and essential long-term research on systemic risk, macroprudential policy, and financial stability to

support the stability of the U.S. financial system. RAC's work aims to inform sound policy and develop tools for risk monitoring. Working closely with the FSOC, Treasury, the Financial Research Advisory Committee, and other key stakeholders, the OFR collaboratively identifies important issues that need to be addressed. The OFR focuses its resources on delivering impactful results that identify financial system fragilities and vulnerabilities, and the channels and sources of risk amplification through which vulnerabilities can affect financial stability.

Supporting the FSOC and Congress with Research, Analysis, and Risk Monitoring Tools
RAC contributes to many FSOC priorities as well as other initiatives that relate to financial stability analysis. One major component is the monitoring and analysis of risk channels and vulnerabilities related to asset management. RAC contributes to this FSOC initiative through the FSOC Hedge Fund Working Group. In FYs 2023 and 2024, RAC will devote significant effort to the collection and analysis of repo market data. This relates to heightened efforts to understand bilateral repo markets as well as continuation of analysis around centrally cleared repo markets on U.S. Treasury collateral. This line of work broadly supports the Interagency Working Group on Treasury Market Liquidity, comprised of several financial regulatory agencies. The objective of this working group is to maintain and develop additional resilience of U.S. Treasury markets and support furthering Treasury's strategic objective for Transparency in the Financial System (objective 2.4).

RAC is also devoting efforts to framework risks for the financial system, those which might not present themselves through the lens that financial regulators traditionally contemplate for markets and institutions. One of these framework risks is the risk posed to the financial system by the growth and adoption of digital assets. Consistent with Treasury's strategic goal to Protect Financial Stability and Resiliency (goal 3), RAC is studying the effects on traditional asset classes, changes in incentives, consequences of regulatory and policy gaps, and uses of financial innovation by new and existing financial institutions. A second among these framework risks is the threat posed by cybersecurity disruptions, in line with Treasury's strategic objective on Cyber Resiliency of Financial Systems and Institutions (objective 2.1). Finally, RAC is supporting FSOC's need for subject matter expertise on climate-risk related data to support analysis of risks related to climate change on the financial system, in support of Treasury's strategic objective on Climate Related Financial Risk (objective 4.3). Additional staffing through Intergovernmental Personnel Act (IPA) and detail arrangements with other government agencies will provide interdisciplinary and subject matter expertise on the nexus of climate-related and financial system risks.

Throughout FYs 2023 and 2024, RAC will continue its direct work for the FSOC Secretariat, providing support for the FSOC's annual report to Congress in the form of research, analysis, and other resources. RAC will continue to respond to FSOC's specific requests for research and analysis. RAC also provides subject-matter experts to FSOC committees and working groups, and routinely collaborates on policy evaluation and financial research with staff from FSOC member agencies. Staffers frequently make presentations of their research and analysis to FSOC committees, such as the Systemic Risk Committee.

RAC will continue to provide thought leadership, research, and analysis to enhance the OFR's existing financial monitoring tools. An important initiative this year is the development of

metrics for assessing the risks of central counterparties (entities that help facilitate trading in derivatives and equities markets) and the potential for contagion if a central clearing counterparty should default.

2.1.4 – Operations and Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	$24,226	$17,496	$17,237	$18,066	$17,681	$21,284	$24,975
Budget Activity Total	**$24,226**	**$17,496**	**$17,237**	**$18,066**	**$17,681**	**$21,284**	**$24,975**
Full-time Equivalents (FTE)	**49**	**25**	**25**	**30**	**31**	**34**	**41**

Operations and Support Services Budget and Performance
($24,975,000 from Assessments):
"Operations and Support Services" contains the activities of the Director's Office, Operations Division, and Chief Counsel's Office. This category includes support provided through a shared services model and reimbursable arrangements with Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including services related to human resources, procurement, travel, and financial management.

The OFR has made organizational excellence a critical priority. Initiatives related to Federal Employee Viewpoint Survey results, internal communications, workforce planning and competency modeling activities, continuous process improvement, organizational performance management, and enterprise planning frameworks are led by Operations and guided by the Director's Office and assisted by Chief Counsel's Office. These initiatives will continue across FYs 2023 and 2024.

Key objectives for FYs 2023 and 2024 for Enterprise Risk Management (ERM) include development of an enterprise risk inventory, expansion of the OFR's annual ERM assessment to cover additional types of risk, and implementation of the OFR's first ERM maturity assessment. This work will be accomplished through integrated planning and selected stand-alone activities, such as leadership interviews.

Section III – Additional Information

A – Summary of Capital Investments
Capital investments that support OFR are included in the Departmental Offices plan. A summary of capital investment resources, including major IT and non-IT investments can be accessed at:

https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.