

## Office of Financial Research

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2012	FY 2013	FY 2014	FY 2012 to FY2014	
	Actual	Estimated	Estimated	Change	% Change
Data Center	\$19,303	\$41,245	\$47,987	\$28,684	148.60%
Research and Analysis	\$3,398	\$8,618	\$12,432	\$9,034	265.88%
Operations and Support Services	\$16,873	\$28,323	\$28,566	\$11,693	69.30%
<b>Total Cost of Operations</b>	<b>\$39,574</b>	<b>\$78,186</b>	<b>\$88,985</b>	<b>\$49,411</b>	<b>124.86%</b>
FTE	65	167	250	185	284.62%

Total FTE includes Reimbursable/Detail staff

### 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.

Pursuant to the Dodd-Frank Act, the Board of Governors of the Federal Reserve (Federal Reserve Board) provided funding to support the OFR for two years. The Act directed the Treasury to establish by regulation (with the approval of the Council) a schedule to collect assessments from bank holding companies and certain nonbank financial companies to cover the expenses of the OFR and the Council, plus certain expenses for implementing the orderly liquidation activities of the Federal Deposit Insurance Corporation, beginning two years after the passage of the Act.

On May 21, 2012, Treasury issued a final rule with the approval of the Council for collecting assessments from bank holding companies with total consolidated assets of

\$50 billion or greater and an interim final rule for collecting assessments from nonbank financial companies supervised by the Federal Reserve Board. On July 20, 2012, Treasury collected the first Financial Research Fund assessment.

Consistent with the Dodd-Frank Act, the OFR has established five strategic goals to support achievement of its mission:

***Support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability.***

Key objectives underlying this goal include:

- Providing research and analytical support to the Council on developments in the financial system and potential threats to financial stability,
- Collecting and securely providing data to the Council and its member agencies when such data are essential to monitoring threats to financial stability and are not otherwise available,
- Reducing reporting burdens for financial institutions by coordinating data requests, and
- Enhancing the quality and consistency of financial data available to Council member agencies through direct data

services, including shared procurement, data validation, and data management.

***Develop and promote data-related standards and best practices.***

Key objectives underlying this goal include:

- Facilitating the establishment of global data-related standards to improve the quality and scope of data related to financial stability,
- Reducing the cost of reporting for financial market participants, and
- Assisting Council members in defining standards and best practices for data collection and management that will increase efficiencies.

***Establish a center of excellence for research on financial stability and promote best practices for financial risk management.***

Key objectives underlying this goal include:

- Conducting and sponsoring research—including collaboration with a network of outside researchers—to identify, monitor, and evaluate threats to financial stability and to analyze disruptions when and after they occur,
- Evaluating and reporting on stress tests or other stability-related evaluations,
- Providing advice on the impact of policies related to systemic risk, and
- Promoting best practices in financial risk management.

***Provide the public with key data and analysis, while protecting sensitive information.***

Key objectives underlying this goal include:

- Increasing the transparency and distribution of research on the financial system by publishing financial analysis, data, and information, while safeguarding sensitive information. Key publications will include annual reports of the OFR that contain its analysis and information about its activities, working papers that highlight OFR research activities, as well as reference databases on financial companies and financial institutions.
- Testifying before Congress on OFR activities, and its assessment of significant market development and potential threats to financial stability.

***Establish the OFR as an efficient organization and world-class workplace.***

Key objectives underlying this goal include:

- Building the OFR workforce,
- Managing OFR information, and
- Administering Office finances to fulfill the OFR’s mission in a cost-effective, transparent, and accountable manner, modeling its processes after best practice standards.

**OFR FY 2014 Budget Highlights**

Dollars in Thousands

Office of Financial Research	FTE	Amount
<b>FY 2012 Actual</b>	65	\$39,574
<b>FY 2013 Estimated Budget</b>	167	\$78,186
<b>Total FY 2014 Base</b>	167	\$78,186
Program Changes:		
Program Adjustment:	83	\$10,799
Personnel Steady State	83	\$12,531
Non-Personnel Steady State		(\$1,732)
<b>Total FY 2014 Estimated Budget</b>	<b>250</b>	<b>\$88,985</b>

\*Total FTE includes Reimbursable/Detail staff

\*The adjustment includes the impacts of inflation and the proposed one percent pay increase

## Explanation of Budget Activities

*Data Center (\$47,987,000 from assessments)*

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 (\$12,432,000 from assessments)*

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 (\$28,566,000 from assessments)*

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.

## Legislative Proposals

There are no current proposals for amending the authorizing legislation.

## OFR Performance by Budget Activity

Budget Activity	Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Actual	Actual	Actual	Target	Target
Data Center	Percent of responses to Council data and research requests that meet delivery targets	N/A	N/A	N/A	80	85
Data Center	Percent of project milestones met for establishment of an interagency data inventory program	N/A	N/A	N/A	85	N/A
Data Center	Percent of milestones met in information standards strategy	N/A	N/A	N/A	80	80
Research and Analysis	Number of R&A products published	N/A	N/A	N/A	8	15
Research and Analysis	Number of R&A products co-authored or pursued in collaboration with outside researchers, government agencies, or others	N/A	N/A	N/A	5	10
Operations and Support Services	Percent increase in the number of OFR web page visitors	N/A	N/A	N/A	25	15
Operations and Support Services	Percent of OFR implementation priorities completed	N/A	N/A	N/A	94	94
Operations and Support Services	Cost of the OFR relative to assessed assets, per \$billion assessed	N/A	N/A	N/A	7,700	7,700 (to be based on a 4-year rolling average)
Operations and Support Services	Total staff hired compared to targets	N/A	N/A	N/A	85	95

Key: N/A - Not in Effect; DISC - Discontinued; B – Baseline

### Description of Performance

To further reinforce transparency and accountability in its operations, the OFR has developed foundational performance measures tied its strategic goals and will begin collecting data for these measures in FY 2013. These measures will establish a foundation for the organization's continued stand-up, with evolution of these measures expected as the organization continues to mature and gain experience. Similarly, as data are collected, that information will better inform the target-setting process in FY 2014 and beyond.