Office of Financial Research

FY 2016
President’s Budget

February 2, 2015
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1A – Mission Statement
Promote financial stability by delivering high-quality financial data, standards, and analysis for the Council and the public.

Resource Detail Table
Dollars in Thousands

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary Resources</td>
<td>FTE</td>
<td>AMOUNT</td>
<td>FTE</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Revenue/Offsetting Collections:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments ^</td>
<td>92,693</td>
<td>105,170</td>
<td>103,578</td>
<td>(1,592)</td>
</tr>
<tr>
<td>Unobligated Balances from Prior Years</td>
<td>67,226</td>
<td>73,015</td>
<td>78,956</td>
<td>5,941</td>
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<tr>
<td>Recoveries</td>
<td>2,040</td>
<td>1,290</td>
<td>1,488</td>
<td>198</td>
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<tr>
<td>Interest</td>
<td>29</td>
<td>33</td>
<td>34</td>
<td>1</td>
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<tr>
<td>Offsetting Collections</td>
<td>5</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Restoration of Sequestration Rescission</td>
<td>964</td>
<td>6,676</td>
<td>7,680</td>
<td>1,004</td>
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<tr>
<td><strong>Total Revenue/Offsetting Collections</strong></td>
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<td><strong>186,184</strong></td>
<td><strong>191,736</strong></td>
<td><strong>5,552</strong></td>
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<tr>
<td>Other Resources:</td>
<td></td>
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<td></td>
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<tr>
<td>Data Center</td>
<td>90</td>
<td>46,940</td>
<td>117</td>
<td>57,991</td>
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<tr>
<td>Research Center ^</td>
<td>33</td>
<td>7,700</td>
<td>58</td>
<td>14,578</td>
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<tr>
<td>Operations and Support Services ^</td>
<td>43</td>
<td>28,626</td>
<td>55</td>
<td>26,979</td>
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<tr>
<td><strong>Total Expenses/Obligations</strong></td>
<td><strong>166</strong></td>
<td><strong>83,266</strong></td>
<td><strong>230</strong></td>
<td><strong>99,548</strong></td>
</tr>
<tr>
<td>Sequestration Reduction</td>
<td>(6,676)</td>
<td>(7,630)</td>
<td>0</td>
<td>7,680</td>
</tr>
<tr>
<td><strong>Net Results</strong></td>
<td>73,015</td>
<td>78,956</td>
<td>83,631</td>
<td>4,675</td>
</tr>
</tbody>
</table>

^ The OFR is financed through assessments on certain financial companies (see Assessments in Section 3).
^ Research and Analysis includes only staffing, outside work arrangements, and contracting related to annual report production.
^ Costs associated with data, information systems, and analytical tools are captured under “Data Center.”
^ Operations and Support Services includes two offices formerly located in the Data Center. FTEs and estimated budget amounts reflect that organizational change.

1B – Vision, Priorities, and Context
The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) established the Office of Financial Research (OFR or Office) within the Department of the Treasury (Treasury). The OFR seeks to promote financial stability by delivering high-quality financial data, standards, and analysis for the Financial Stability Oversight Council (FSOC) and the public.

The OFR has established three goals that reflect its primary responsibilities — data and analysis, data standardization, and research — under the Dodd-Frank Wall Street Reform and Consumer Protection Act.  

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1 See the OFR’s strategic plan for FY 2015-2019
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.
   - Data providers and the public trust that OFR data are protected and secure.

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

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

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

   Key objectives of this goal include:
   - The OFR is the recognized center for objective, innovative research on financial stability.
   - OFR research is widely cited and used in policymaking, risk management, and data management.

**Progress Against Mission**

The OFR has made significant progress toward its mission, as the following examples show:

1. **Analyzing Threats to Financial Stability**

   The OFR has a mandate to assess risks to the financial stability of the United States and to monitor, investigate, and report to Congress and the Council on changes in those risks. Financial stability occurs when the financial system, even under stress, operates sufficiently to provide its six basic functions for the economy — credit allocation and leverage, maturity transformation, risk transfer, price discovery, liquidity provision, and facilitation of payments. To fulfill this mandate, OFR reports regularly to the Council on developments in the financial system as well as conduct longer-term research on financial stability (see 4).

   The OFR has made strong progress on tools and metrics for detecting and measuring potential threats to financial stability. The OFR continues to develop its Financial Stability Monitor, a framework for assessing financial stability using a wide variety of metrics and indicators. The latest reading of the Monitor is contained in OFR 2014 Annual Report. The OFR plans to use the Monitor to provide its assessment of U.S. financial stability twice per year. In addition, the OFR presents a Financial Markets Monitor each month to the Council and its Systemic Risk Committee. As part of its monitoring program, the OFR also relies on
qualitative risk assessment activities and several internal monitors which use confidential
data on specific markets.

In December 2014, the OFR published its 2014 Annual Report per Section 154(d) of the
Dodd-Frank Act.\textsuperscript{2} While the report covers a wide range of financial stability issues, a
significant portion of the report addresses threats. As the statute requires, this third annual
report of the Office included the OFR’s analysis of threats to the financial stability of the
United States, the status of the Office’s work to meet its mission, and key findings of the
Office’s research on and analysis of the financial system. The Annual Report also
dокументs the meaningful progress the Office has made in meeting our statutory mandates
and mission since we published our second annual report in December 2013.

The OFR also provides data for the Council to use to develop its Annual Report on financial
stability, as well as data and analysis relating to the designation of nonbank financial
companies for consolidated supervision by the Federal Reserve Board.

2. \textbf{Addressing Data Gaps}

The OFR identifies data needs through its research and monitoring and close collaboration
with the Council and its member agencies. To determine if available data exist to meet those
needs, the Office, in conjunction with the Council’s Data Committee, compiled and
maintains an inventory describing the data that Council member agencies purchase or collect.
This inventory is shared with the other FSOC member agencies. The public portion of the
inventory is also available on the OFR’s public website.

Comparing data needs with this inventory can help identify gaps, avoid duplication, reduce
costs, minimize regulatory burden, and take advantage of existing data sources to the extent
possible. To fill the gaps, the Office collaborates across the Council to develop priorities and
then look to alternative ways to expand the scope of data, such as sharing or improving the
quality of existing data, promoting data standards, and collecting new data.

The OFR has successful data sharing arrangements with a number of Council member
agencies and is working to establish new ones. For example, the Office is collaborating with
Federal Reserve staff to improve the quality and scope of data in repo markets. In addition,
the OFR is considering a request from the Payments Risk Committee (sponsored by the
Federal Reserve Bank of New York) to collaborate with the FRBNY to collect and analyze
data on intraday cash flows.

The OFR leads the Council’s Data Committee. The Data Committee promotes
improvements in data collection and information sharing among Council members. The Data
Committee also plays an integral role in the broader initiative to facilitate the secure sharing
of information by the OFR. For example, the Committee has completed a proposed
framework for mapping the OFR’s information security categorizations to the ones used by

3. Data Standards

The OFR supports the Council and its member agencies by standardizing the types and formats of data reported and collected. The Office’s process for promoting data standards includes: (1) evaluating whether standards are needed for a particular set of data and whether developing them fits the Office’s mission, (2) determining whether the data in question are good candidates for standardization, and (3) determining the OFR’s strategy.

Legal Entity Identifier System

The Office continues to be a leader in the initiative to establish a Legal Entity Identifier (LEI), a unique, global standard for identifying parties to financial transactions. Over 300,000 LEIs have been assigned to companies from over 185 countries, and are being relied on for regulatory reporting of swaps and other instruments in North America, Europe, and Asia.

The OFR’s Chief Counsel serves as the first chair of the body supervising the standup and operation of the system, a 60-member Regulatory Oversight Committee, formed in January 2013 with the backing of the G20.

In addition, the Office assists Council member agencies with data standards initiatives. For example, the OFR is working with the Commodity Futures Trading Commission and global regulators to align and standardize derivatives reporting. Additionally, for the LEI integration in the mortgage industry, the Office worked with the Mortgage Industry Standards Maintenance Organization (MISMO), a data standards body for the mortgage industry, to add the LEI data record to the industry’s standard for data exchange. The Office also published a working paper in FY 2014, with collaboration from certain Council member agencies, describing the need for and strategy to develop a universal mortgage loan identifier.

Interagency Working Groups

During FY 2015, the OFR plans to establish additional interagency working groups on key issues related to data standards (including assisting Council member agencies with derivatives reporting standards) and participate in issue-specific working groups sponsored by other organizations (such as work related to mortgage standards sponsored by the Consumer Financial Protection Bureau). The OFR also plans to produce analysis in collaboration with other Council members on related topics, such as derivative product classification or the need for additional financial data identifiers.

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Annual Workshops
The OFR led the FSOC Data Committee to sponsor an annual regulatory data workshop. In FY 2013 and 2014, the OFR facilitated the two-day Regulatory Data Workshop and held a separate workshop on the topic of legal entity hierarchies on behalf of the Data Committee.

The OFR expects to continue this role and expand the year-round participation of regulators in targeted workshops. In addition, the OFR is working with private sector standard-setting bodies both nationally and internationally to understand industry and investor priorities. The OFR sits on the board of the U.S. representative for financial services to the International Organization for Standardization, the ANSI X9D standards group and is also involved in other industry coordination activities.

4. Conducting and Sponsoring Research Related to Financial Stability and Policy
The Office is required by statute to perform research on risks to financial stability and to evaluate attempts to mitigate those risks. Along with its Annual Report and other reports sponsored by the office, research at the OFR is published in three primary venues: OFR Working Papers, OFR Briefs, and OFR Staff Discussion Papers.

The OFR launched its Working Paper Series in January 2012 for staff researchers to collaborate with outside research experts, expanding its virtual research community and leveraging the expertise of the OFR’s staff. The OFR Working Paper series has been very successful in the academic and regulatory communities. They have been presented at conferences and cited in the press and in the academic literature; about half have gone on to publication in academic journals.

The OFR has published 21 working papers to date – including two in FY 2012, nine in FY 2013, seven in FY 2014, and three in FY 2015. The research is diverse, with the strong common theme of improving our collective understanding of the causes and consequences of financial instability. Examples in FY 2014 include developing a funding map to trace the paths of risk in a typical bank/dealer, data visualization for monitoring financial stability, and agent-based models of financial vulnerability. Policy-related topics include dynamic mapping of shadow banking and scenario design in regulatory stress testing.

The OFR launched the Briefs and Staff Discussion Papers series in 2014. OFR Briefs are less academic than working papers and are intended to provide an opportunity for the OFR to describe, for the general public, analysis of important policy issues and financial stability topics. No briefs have yet been published, as this is a new publication series. Briefs can profile specific proposed financial stability metrics and monitoring tools; provide technical primers or reference guides for key areas, such as secured finance transactions and high-frequency trading; digest for a broader audience the OFR’s published academic research; summarize ongoing research programs; describe the OFR’s progress in addressing gaps in data for financial stability monitoring; or describe and promote progress in financial data standards implementation.

OFR Staff Discussion Papers provide a venue for OFR staff to post academic-style papers that contribute to OFR’s understanding of financial markets, financial data, and financial
institution risks. They may be preliminary versions of work intended for the OFR Working Paper series or research papers intended for submission to external academic publications in economics or finance. Staff Discussion Papers in 2014 included topics such as risk management and visual analysis of financial transactions data.

In FY 2014, the OFR continued to make progress in fulfilling its responsibility to conduct studies and provide advice on the impact of policies related to systemic risk. In addition to producing working papers related to stress testing and capital weighting rules, the OFR has hired a senior manager for the Policy Studies section and is adding expert staff to that unit.

Interagency Partnership
In May 2013, the OFR announced a partnership with the National Science Foundation (NSF) to promote and support research related to financial stability. The OFR and NSF’s Directorate for Computer and Information Science and Engineering are collaborating to fund innovative research on approaches to computing and information processing to identify and analyze risks to the financial system. The joint OFR/NSF program is known as “Computational and Information Processing Approaches to and Infrastructure in support of, Financial Research and Analysis and Management” (CIFRAM). CIFRAM uses NSF’s Early-concept Grants for Exploratory Research (EAGER) mechanism to focus on issues closely linked to financial stability while sponsoring research that is early stage, exploratory, and potentially transformative. To date, the grants program has issued four grants totaling approximately $1 million.

5. Promoting Best Practices in Risk Management
As part of the OFR’s research function, it is required to analyze the impact of policies related to financial stability. The Office conducts, coordinates, and sponsors research to help improve regulation of financial entities and markets. The Office also conducts studies and advises on policies related to systemic risk. In addition, the Office is required to promote best practices for financial risk management, and evaluate and report on stress tests and other stability-related evaluations of financial entities.

Seven OFR working papers and one OFR Staff Discussion paper focus on key risk methodologies and practices, including:

- *A Map of Funding Durability and Risk* (May 2014)
- *Stress Tests to Promote Financial Stability: Assessing Progress and Looking to the Future* (July 2013)
- *Stress Scenario Selection by Empirical Likelihood* (April 2013)
- *Systematic Scenario Selection* (February 2013)
- *CoCos, Bail-In, and Tail Risk* (January 2013)
- *Forging Best Practices in Risk Management* (March 2012)
- *A Survey of Systemic Risk Analytics* (January 2012)

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4 [http://www.treasury.gov/initiatives/ofr/research/Pages/GrantsProgram.aspx](http://www.treasury.gov/initiatives/ofr/research/Pages/GrantsProgram.aspx)
6. Building Critical Information Technology Infrastructure

Building information technology infrastructure and business systems is critical to the OFR’s support for the Council (and for broader stakeholders). The OFR needs highly specialized systems for:

- Data acquisition, management, and dissemination (under strict protocols for security and data sharing);
- A robust research and analytical environment for handling large amounts of data to support complex financial models, computations, and analysis; and
- A secure platform for collaboration and communication with Council member agencies and outside researchers, as well as for public communication about OFR activities.

During FY 2014, procurements for both the primary and alternate computing centers were completed, and installation of the primary center was completed in November 2013. At the time of this writing, the installation of the alternate compute center is completed and awaiting final security certification. We expect certification by the end of January 2015.

In FY 2015 OFR intends to modernize its desktop environment and introduce several capabilities to enhance collaboration, efficiency and production. These capabilities include advanced video conferencing and wireless.

To date, the agency leveraged non-analytic services provided by the Treasury, Office of the Chief Information Officer (OCIO) to the fullest reasonable extent. In FY 2015, we will be transitioning to our own non-analytic services in cases where our needs are not readily met by the standard Treasury offerings.

Since its inception, the OFR has emphasized data security and protection of sensitive information. During both FY 2013 and FY 2014, the OFR installed a wide-range of security tools, services, and components that serve to provide a strong security posture. Additional security components will be added and/or enhanced in FY 2015.

7. Outreach and Collaboration

OFR Outreach

During FY 2014, the OFR continued to expand its team to manage communications, Congressional relations, publication development, Web content, and outreach to industry and academia. The Office hired an Associate Director, Communications, to oversee our writing and editing, internal communications, speech development, website management, media relations, and design and graphics. The Office also began the hiring process for an Associate Director, Government Affairs, to oversee Congressional relations. This addition to the staff will complete the management team for External Affairs, which also includes a Chief of External Affairs, and an Associate Director, Industry and Academic Relations.

In addition, the Office launched a project to redesign its intranet site to foster employee engagement and continued to explore options for improving its public website. More than 5,700 subscribers now receive notifications when the Office posts new Web content.
Research-Related Events
Establishing strong relationships with outside experts is critical to the OFR’s effectiveness in fulfilling its research and analysis mandate. The OFR plans a regular schedule of four to six research-focused events on annually from FY 2015 forward. The Office will also continue its in-house Research Seminar Series. During FY 2014, the Office held 65 seminars in the series. The OFR invited researchers in academia, government, and the private sector to present findings on a range of topics related to the OFR’s mission.

In January 2014, the OFR and the Council cohosted, “Mapping and Monitoring the Financial System: Liquidity, Funding, and Plumbing,” the third annual joint conference for leaders from the research and regulatory communities, public interest groups, and the financial services industry. The conference explored the interconnectedness among firms and markets, and related vulnerabilities in the financial system.

In June 2014, the OFR co-sponsored a conference on financial stability with the Consortium for System Risk Analytics and the MIT Laboratory for Financial Engineering. The conference brought together researchers and practitioners to collaborate on topics related to financial stability.

In December 2014, the OFR and the Federal Reserve Bank of Cleveland co-sponsored a conference, “Measurement Challenges in Macro-Prudential Policy Implementation: Essential Data Elements for Preserving Financial Stability.”

Public Appearances by Senior Leaders
OFR senior leaders presented remarks at conferences and events related to financial stability, data standards and related topics during FY 2014. For example, the OFR Director delivered remarks to the Exchequer Club in Washington, D.C., in October 2013 about the role of the OFR in promoting financial stability. Director Berner also gave a presentation about the OFR and its work to Congressional staff members in April 2014. In addition, he gave keynote remarks in July 2014 about critical gaps in analysis, data, and policy during a symposium sponsored by The Clearing House and the Robert H. Smith School of Business at the University of Maryland.

The Chief Data Officer also delivered several speeches during the year on data standards.

Financial Research Advisory Committee
In November 2012, the OFR established the Financial Research Advisory Committee, currently made up of 31 distinguished professionals in economics, data management, risk management, information technology, and other fields to broaden the OFR’s analytical perspective and help the agency meet its mission. Committee members have included two Nobel laureates in economics, leaders in business and nonprofit fields, and prominent researchers at major universities and think tanks. In 2014, 11 new members were added to the committee as others completed their rotations.

http://www.treasury.gov/initiatives/ofr/about/Pages/Financial-Research-Advisory-Committee.aspx

8. Building the OFR
During FY 2014, the OFR continued to build core operational systems and procedures, guided by the need to have cost-effective, transparent, and accountable structures that reflect best practices. The Office recognizes the value of balancing speed with prudence as the organization continues to mature – building core functions with ongoing review and improvements informed by early experience.

Strategic and Performance Management
The OFR follows the principles and practices of the Government Performance Results Act Modernization Act of 2010. The OFR has implemented a comprehensive planning system that ties together strategic planning, operational planning (budget, performance, and human resources), execution, monitoring, and review, including internal reviews of projects, programs, priorities, and strategies. In addition, the OFR is collecting data on its performance measures, which are tied to its strategic and institution building goals.

In FY 2015, the OFR plans to release a new strategic plan for FY 2015-19 that builds on and significantly expands the Office’s earlier framework. In this strategic planning process, the Office assessed the organization internally and externally to develop effective goals, objectives and strategies, for the next four years.

Financial Management and Operational Controls
The OFR’s financial activities are subject to general Treasury financial management controls and protocols and are reviewed as part of the consolidated audit of Treasury’s Departmental Offices. The OFR has internal policies and procedures to support sound and efficient operations and rigorous internal controls. The Office developed additional controls, project review mechanisms, and decision-making protocols to ensure that spending is well targeted and effectively monitored. The Office also established internal protocols to help ensure prompt responses to Treasury’s Office of the Inspector General, the Council of Inspectors General, and the Government Accountability Office.

Human Capital Planning
As detailed in the OFR’s 2014 Annual Report to Congress on Human Capital Planning, the Office has made progress in building its core staff and defining the frameworks and processes required for effective and efficient human resource management. By strategically using multiple recruitment methods, the OFR is building a talented staff dedicated to strengthening understanding of risks to financial stability. Strides have been made toward ensuring that employees are provided training and development opportunities to enhance existing skill sets and acquire new ones for professional growth. The OFR is also using workforce flexibilities to promote employee satisfaction, engagement, and work/life balance.

The OFR will continue to review and enhance its human capital strategies as part of its strategic planning framework to align with the Office’s mission, vision, goals, and objectives.
FY 2014 Expenditures
Specific FY 2014 expenditures by budget activity include:

- **Data Center** expenditures focused on: (1) establishing a secure, short-term infrastructure for IT and business systems to support the OFR’s initial data and analytical functions, (2) launching the OFR’s intranet and collaboration platform, which also supports the secure sharing of information with the Council and its member agencies, (3) developing a design and support strategy for the OFR’s long-term IT infrastructure, including those related to information security programs (with related implementation expenditures expected to ramp up in FY 2015), (4) defining the OFR’s data management model, and (5) conducting initial data acquisitions and creating an inventory of Council information.

- **Research and Analysis** costs include salaries and benefits, as well as work arrangements with outside researchers and the partnership with the National Science Foundation.

- **Operations and Support Services** activities include (1) administrative support services, travel, supply, and equipment costs, and (2) costs for the rent and renovation of long-term permanent office space in Washington, D.C. The relatively high cost of contracts required for the build out the OFR long-term IT infrastructure (Table 2.2, Object Classification 25.3) reflects the OFR’s business model to leverage existing administrative resources in Treasury and other agencies. Specifically, administrative support services include expenses related to reimbursable support from Treasury’s Departmental Offices; personnel benefits services through the Office of the Comptroller of the Currency; and services from the Bureau of Public Debt Administrative Resource Center including human resource services, procurement services, and financial management services.

FY 2015 and FY 2016 Expenditures
The OFR will continue its prudent approach to expenditures as it grows in FY 2015 and FY 2016, with these expenditures closely tied to the goals and implementation priorities outlined in Section 1. The primary source of expenditure growth in FY 2015 and FY 2016 will be salary and benefits as the OFR workforce grows.

- **Data Center.** Acquisition of hardware, software, and analytic tools for OFR’s initial business systems infrastructure and analytic environment (including network upgrades) was concentrated in both FY 2013 and FY 2014, with a decline in FY 2015. The OFR will focus in later years on maintenance, growth, periodic enhancements and increasing the value of prior investments. Expenses for data subscriptions will continue to rise as the OFR staff grows.
• **Research and Analysis.** Work arrangements with outside academics, and the partnership with the National Science Foundation to support ad hoc and on-going research projects are expected to increase modestly in FY 2015.

• **Operations and Support Services.** The OFR will continue to use existing Treasury infrastructure to minimize administrative costs. The build-out of a small satellite office in New York City to support interaction with New York-based market participants, researchers, regulators, and data providers that was undertaken in FY 2013 and has continued in FY 2014.

**Assessments**
Section 155 of Public Law 111-203, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), directs the Secretary of the Treasury to collect assessments equal to the total expenses of the Office of Financial Research (OFR) from bank holding companies with total consolidated assets of $50 billion or greater and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System (the Board). Included in the expenses of the OFR are expenses of the Financial Stability Oversight Council (Council) and certain expenses of the Federal Deposit Insurance Corporation (FDIC) under section 210(n) of the Dodd-Frank Act.

The regulation establishing the assessment schedule, as required under the Dodd-Frank Act, was published in the Federal Register on May 21, 2012 and became effective July 20, 2012. Under the rule, each company’s total assessable assets are determined based on data available on May 31 and November 30 each year, with assessments collected on September 15 (or next business day) and March 15 (or next business day). Companies are authorized under the rule to submit requests for redetermination if they wish to contest their eligibility as an assessable company or their total assessable assets. Assessment fees are collected in the Financial Research Fund (FRF), a fund established under Dodd-Frank Act to pay the expenses of the OFR.

The fee rate for each period will be set based on projected total resources required to *replenish* the FRF to a level equivalent to the sum of:

- The next six months of budgeted operating expenses of the OFR and the Council;
- The next 12 months of budgeted capital expenses of the OFR and the Council, because of the variability in the timing of such expenses; and
- The amount necessary to reimburse the FDIC for certain implementation expenses.

As such, any resources remaining in the FRF at the end of one assessment period (carryover) reduce the amount needed to be collected to replenish the FRF to this level in the next period.

Information pertaining to the FRF semiannual assessment is posted on Treasury’s website: [http://www.treasury.gov/initiatives/ofr/about/Pages/Notice-of-Fees.aspx](http://www.treasury.gov/initiatives/ofr/about/Pages/Notice-of-Fees.aspx)

The Council’s activities support the Treasury Department’s FY 2014-2017 Strategic Plan

**Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system.** Within Goal 1 it supports-

**Objective 1.3:** *Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability.*
Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table
Dollars in Thousands

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<thead>
<tr>
<th>Office of Financial Research</th>
<th>FTE</th>
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<td>FY 2015 Estimated</td>
<td>230</td>
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Changes to Base:

| Total FY 2016 Base           | 230 | $99,548|

Program Changes:

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<td>Personnel Steady State</td>
<td>40</td>
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<td>Non-Personnel Steady State</td>
<td>-</td>
<td>$4,334</td>
</tr>
</tbody>
</table>

| Total FY 2016 Estimated      | 270 | $108,105|

2A – Budget Increases and Decreases Description

Program Increases………………………………………………………………………………………………..+ $8,556,887

Personnel Steady State +$4,222,702 / +40 FTE

The OFR will continue its growth toward steady state of approximately 290 on-boards by the end of FY 2016.

Non-personnel Steady State + $4,334,185 / + 0 FTE

Although uncertainty remains about medium-term IT needs to meet the OFR’s data-related and analytical mandate, the Office expects the need for funding for initial investments in IT infrastructure to decrease beginning in FY 2015. Regular steady state operational costs, recurring network costs, and periodic one-time costs for IT and systems are expected to continue over time (for example, to meet data storage growth needs as more data sources are identified).
### 2.2 – Operating Levels Table

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<td>Estimated</td>
</tr>
<tr>
<td>11.0 Full-time permanent</td>
<td>24,168</td>
<td>31,330</td>
<td>34,524</td>
</tr>
<tr>
<td>12.0 Personnel benefits</td>
<td>7,968</td>
<td>10,179</td>
<td>11,208</td>
</tr>
<tr>
<td><strong>Total Personnel and Benefits Compensation</strong></td>
<td><strong>32,136</strong></td>
<td><strong>41,509</strong></td>
<td><strong>45,732</strong></td>
</tr>
<tr>
<td>21.0 Travel and Transportation of Persons</td>
<td>296</td>
<td>406</td>
<td>458</td>
</tr>
<tr>
<td>23.1 Rental Payments to GSA</td>
<td>3,488</td>
<td>4,325</td>
<td>4,964</td>
</tr>
<tr>
<td>23.3 Communication, Utilities, and Misc Charges</td>
<td>1,844</td>
<td>1,975</td>
<td>2,125</td>
</tr>
<tr>
<td>24.0 Printing and Reproduction</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>25.1 Advisory and assistance services</td>
<td>11,888</td>
<td>13,768</td>
<td>14,250</td>
</tr>
<tr>
<td>25.3 Other Goods and Services</td>
<td>11,670</td>
<td>13,026</td>
<td>13,768</td>
</tr>
<tr>
<td>26.0 Supplies and Materials</td>
<td>4,947</td>
<td>5,250</td>
<td>5,678</td>
</tr>
<tr>
<td>31.0 Equipment</td>
<td>16,970</td>
<td>19,262</td>
<td>21,013</td>
</tr>
<tr>
<td><strong>Total Non-Personnel</strong></td>
<td><strong>51,130</strong></td>
<td><strong>58,039</strong></td>
<td><strong>62,373</strong></td>
</tr>
<tr>
<td><strong>Total Budgetary Resources</strong></td>
<td><strong>$83,266</strong></td>
<td><strong>$99,548</strong></td>
<td><strong>$108,105</strong></td>
</tr>
</tbody>
</table>

**Budget Activities**
- Data Center: 46,940, 57,991, 64,034
- Research Center: 7,700, 14,578, 16,108
- Operations and Support Services: 28,626, 26,979, 27,963

**Total Budgetary Resources**

**FTE**
- 166, 230, 270

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**2B – Appropriations Language and Explanation of Changes**
OFR receives no appropriations from Congress.

**2C – Legislative Proposals**
OFR has no legislative proposals
Section 3 – Budget and Performance Plan

3A – Data Center
($64,034,000 from Assessments):
The Dodd-Frank Act requires the Data Center, on behalf of the Council, to collect, validate, and maintain all data necessary to carry out the duties of the OFR. Under this mandate, the Data Center provides data services to the Research and Analysis Center, Council member agencies, and others to:

- Increase efficiency in data acquisition and management;
- Reduce redundant reporting requirements across the regulatory system (including through more effective data sharing arrangements); and
- Secure sensitive data.

Standards for financial data will benefit regulators and financial market participants by making data aggregation easier, improving analysis, and reducing costs associated with data collection.

Support for the Council
The OFR has established two performance measures in FY 2014 and FY 2015 linked to achieving its goal of supporting the Council by securely providing high-quality financial data and analysis needed to monitor threats to financial stability, as follows:

- **Percent of Council Work Requests completed by the OFR** This measure serves as an indicator of the OFR’s capacity to meet the Council’s needs. The OFR tracks requests addressed by the Data Center and the Research and Analysis Center for this performance measure. In the future, the Office will seek to collect performance information on timeliness and quality of responses.

- **Percent of Interagency Data Inventory Records Validated** This measure shows the OFR’s progress in cataloging data that Council member agencies purchase from vendors, collect from industry, or derive from data. This measure replaced the discontinued measure “Percent of project milestones met for establishment of an interagency data inventory program.” Council member agencies may use the inventory identifying relevant data for what data is available in our quest to ensure that data is comprehensive and accessible to policy makers and the public.

Data Standards
The OFR has established one performance measure linked to achieving its goal to develop and promote data-related standards and best practices, as follows:

- **Percent of Data standards Strategy Milestones Completed** This measure indicates progress toward implementing the LEI and promoting data standards (through the completion of the May 2014 Aggregation Feasibility Study Group (AFSG) report, draft of the research note titled, “Opportunities for the Use of LEI within XBRL Report,” and build-out of the “U.S. Regulations Referencing LEIs” table). This measure replaced “Percent of milestones met in data standards strategy.”
3.1.1 – Data Center Budget and Performance Plan

Dollars in thousands

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Expenses/Obligations</td>
<td>$0</td>
<td>$5,260</td>
<td>$19,303</td>
<td>$37,619</td>
<td>$46,940</td>
<td>$57,991</td>
<td>$64,034</td>
</tr>
<tr>
<td>Budget Activity Total</td>
<td>$0</td>
<td>$5,260</td>
<td>$19,303</td>
<td>$37,619</td>
<td>$46,940</td>
<td>$57,991</td>
<td>$64,034</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013 Actual</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Target</th>
<th>FY 2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Responses to Council Data and Research Requests That Meet Delivery Targets</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>94.0</td>
<td>DISC</td>
<td>DISC</td>
<td>DISC</td>
</tr>
<tr>
<td>Percent of Council Work Requests Completed by the OFR</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>89.0</td>
<td>85.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Percent of Interagency Data Inventory Records Validated</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>60.0</td>
<td>DISC</td>
<td>DISC</td>
</tr>
<tr>
<td>Percent of Data Standards Strategy Milestones Completed</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>93.0</td>
<td>DISC</td>
<td>DISC</td>
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</tbody>
</table>

Key: DISC - Discontinued; B - Baseline

3B – Research and Analysis

($16,108,000 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;
- Monitor, investigate, and report on changes in system-wide risk levels and patterns to the Council and to Congress;
- Conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- Evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- Maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- Investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on the findings;
- Conduct studies and provide advice on the effect of policies related to systemic risk; and
- Promote best practices for financial risk management.

To support effective achievement of these objectives, the OFR is establishing fora and networks to bring together experts from within and outside the regulatory system. The OFR’s Research Seminar Series allows OFR’s research staff opportunities to collaborate with and seek feedback from external experts. In addition, through its OFR Working Paper Series, OFR Staff Discussion Papers, OFR Briefs, and the OFR Annual Report, the OFR publishes results of its analysis to be transparent in its operations and promote public understanding of threats to financial stability. In FY 2013, the OFR announced a partnership with the NSF to promote and support research.
related to financial stability. This program will fund innovative research on approaches to computing and information processing to identify and analyze risks to the financial system.

**Leading Edge Research**
The OFR has established two performance measures linked to achievement of its goal to provide leading edge research that improves financial stability monitoring and promote best practices for financial risk management, as follows:
1. **Number of Research and Analysis Products Made Public** This measure provides an indicator of research output at the OFR. The measure includes published research products such as OFR Reports, Working Papers, Staff Papers, and Briefs.
2. **Number of Collaborative Research and Analysis Products Made Public** This measure indicates how researchers at the OFR collaborate and exchange ideas with outside perspectives, a key objective as the OFR builds a culture that supports cutting-edge research.

### 3.1.2 – Research and Analysis Budget and Performance Plan

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Expenses/Obligations</td>
<td>$1,069</td>
<td>$3,398</td>
<td>$4,733</td>
<td>$7,700</td>
<td>$14,578</td>
<td>$16,108</td>
<td></td>
</tr>
<tr>
<td>Budget Activity Total</td>
<td>$0</td>
<td>$1,069</td>
<td>$3,398</td>
<td>$4,733</td>
<td>$7,700</td>
<td>$14,578</td>
<td>$16,108</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY 2010 Actual</th>
<th>FY 2011 Actual</th>
<th>FY 2012 Actual</th>
<th>FY 2013 Actual</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Target</th>
<th>FY 2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of R&amp;A Products Made Public</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10</td>
<td>11</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Number of Collaborative R&amp;A Products Made Public</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>8</td>
<td>10</td>
<td>DISC</td>
<td>DISC</td>
</tr>
</tbody>
</table>

Key: DISC - Discontinued; B – Baseline

*Research and Analysis* includes only staffing, outside work arrangements, and contracting related to annual report production. Costs associated with data, information systems, and analytical tools are under Data Center.

### 3C – Operations and Support Services

($27,963,000 from Assessments): The category “Operations and Support Services” includes Front Office, Operations, External Affairs, and Counsel activities. Those activities cover all operational, legal, and administrative functions that support the effective, transparent, and well-monitored delivery of the OFR’s products related to data, research, and analysis. This includes support provided through reimbursable arrangements with Treasury’s Departmental Offices; personnel benefits services through the Office of the Comptroller of the Currency; and services from the Bureau of Fiscal Service Administrative Resource Center including human resource, procurement, travel, and financial management services.
Public Information
The OFR has established a performance measure linked to achievement of its goal to provide the public with key data and analysis while protecting sensitive information, as follows:
1. **Percent Increase in the Substantive Content Made Public on the OFR website** This measure indicates the OFR’s progress in providing public access to financial research, analysis, and other information.

Building the OFR
The OFR has two performance measures linked to its institution building and improvement goal, as follows:
1. **OFR Fiscal Year Expenditures as a Percentage of Total Assessed Assets, per Billion Dollars Assessed** This measure is intended to reflect cost efficiency of the organization. However, uncertainties in the rate of growth of the organization have limited the usefulness of this measure and the OFR will seek to replace it in FY15.

2. **Total Staff (headcount) Hired Compared to Targets** This measure shows the OFR’s progress toward target staffing levels. However, because counting full-time equivalent (FTE) positions is more useful for planning purposes, the Office plans to shift to an FTE-based measure in FY 2015.

3.1.3 – Operations and Support Services Budget and Performance Plan

<table>
<thead>
<tr>
<th>Operations and Support Services Budget and Performance Plan</th>
<th>Dollars in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource Level</strong></td>
<td><strong>Actual FY 2010</strong></td>
</tr>
<tr>
<td><strong>Expenses/Obligations</strong></td>
<td>$4,700</td>
</tr>
<tr>
<td><strong>Budget Activity Total</strong></td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY 2010 Actual</th>
<th>FY 2011 Actual</th>
<th>FY 2012 Actual</th>
<th>FY 2013 Actual</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Target</th>
<th>FY 2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Increase in the Substantive Content Made Public on the OFR Website</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1.0</td>
<td>13.0</td>
<td>DISC</td>
<td>DISC</td>
</tr>
<tr>
<td>Cost of the OFR Relative to Total Assessed assets, per Billion Dollars Assessed</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3,230</td>
<td>DISC</td>
<td>DISC</td>
<td>DISC</td>
</tr>
<tr>
<td>OFR Fiscal Year Expenditures as a Percentage of Total Assessed Assets, per Billion Dollars Assessed</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>4,002</td>
<td>DISC</td>
<td>DISC</td>
</tr>
<tr>
<td>Total Staff Hired Compared to Targets</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>85.0</td>
<td>90.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Key: DISC - Discontinued; B - Baseline

^ Effective FY 2013, “Operations and Support Services” includes two offices formerly located in the Data Center. The FTEs and estimated budget amounts reflect this organizational change.

Changes to the measures in the tables above indicate OFR’s ongoing efforts to examine its measures for effectively assessing the performance of the organization, and to revise them accordingly.