

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

| Budget Activity | FY 2020 | FY 2021 | FY 2022 | FY 2021 to FY 2022 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------------|
| | Actual | Estimated | Estimated | % Change |
| Data Center | \$2,771 | \$3,576 | \$3,710 | 3.7% |
| Technology Center | \$35,739 | \$35,750 | \$37,541 | 5.0% |
| Research and Analysis Center | \$7,340 | \$13,290 | \$14,718 | 10.7% |
| Operations and Support Services | \$17,237 | \$19,565 | \$19,302 | -1.3% |
| Total Cost of Operations | \$63,087 | \$72,181 | \$75,271 | 4.3% |
| Full-time Equivalents (FTE) | 102 | 128 | 145 | 13.3% |

Note: The assessments, recoveries, interest and FTE estimates in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments made subsequent to the Appendix submission to account for lower interest income, higher-than-anticipated recoveries and anticipated carryover funding from FY 2020 to FY 2021, as well as slower than anticipated hiring.

Summary

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.

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2022 funding level of \$75.271 million, which is \$3.090 million higher than its FY 2021 estimated funding level. The FY 2022 Budget includes increases in funding for both the Technology Center and Research and Analysis Center (RAC). The increased funding will assist these offices as they continue to build out their infrastructure in support of OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203).

Budget Highlights

Dollars in Thousands

| | FTE | Amount |
|------------------------------------|------------|-----------------|
| FY 2021 Estimate | 128 | \$72,181 |
| Changes to Base: | | |
| Maintaining Current Levels (MCLs): | 0 | \$1,051 |
| FERS Contribution Increase | 0 | \$276 |
| Non-Pay | 0 | \$775 |
| Non-Recurring Costs | 0 | (\$2,651) |
| Subtotal Changes to Base | 0 | (\$1,600) |
| FY 2022 Current Services | 128 | \$70,581 |
| Program Changes: | | |
| Program Increases: | 17 | \$4,690 |
| Increased Staffing | 17 | \$4,690 |
| Subtotal Program Changes | 17 | \$4,690 |
| FY 2022 Estimate | 145 | \$75,271 |

Note: The assessments, recoveries, interest and FTE estimates in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments made subsequent to the Appendix submission to account for lower interest income, higher-than-anticipated recoveries and anticipated carryover funding from FY 2020 to FY 2021, as well as slower than anticipated hiring.

Budget Adjustments

Maintaining Current Levels (MCLs)+\$1,051,000 / +0 FTE

FERS Contribution Increase +\$276,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$775,000 / +0 FTE

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

Non-Recurring Costs.....-\$2,651,000 / +0 FTE

Non-Recurring Costs -\$2,651,000 / +0 FTE

The OFR's FY 2022 request redirects non-labor cost savings from Operations and Administrative Support Services that included non-recurring investments as part of the OFR's migration to a cloud-based infrastructure and short-term initiatives in FY 2021.

Program Increases+\$4,690,000 / +17 FTE

Increased Staffing +\$4,690,000 / +17 FTE

The FY 2022 staffing model continues the OFR's planned recruitment that came out of its reshaping; the OFR will bring its workforce up to the targeted 145 FTE. This includes 6 additional FTEs in the Research and Analysis Center to support long-term research and monitoring initiatives. It also includes 6 FTEs within the Technology Center and 5 FTEs within the Operations Division to support the IT and operational support infrastructure needed for the OFR's research and data efforts. Funds are also requested for anticipated increases to labor costs to include merit pay increases for qualifying current staff.

Legislative Proposals

The OFR has no legislative proposals.

Performance Highlights

| Budget Activity | Performance Measure | FY 2018 Actual | FY 2019 Actual | FY 2020 Actual | FY 2021 Target | FY 2022 Target |
|-----------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Data Center | Number of LEIs Issued Cumulatively in the United States and Internationally | 1,300,832 | 1,487,695 | 1,733,473 | I | I |
| Data Center | Number of Times That Financial Data Standards are Incorporated in Rules and Regulations | 4 | 1 | 3 | I | I |

Key: I – Indicator

Description of Performance

During FY 2020, the number of Legal Entity Identifiers (LEIs) issued continued its upward trend, increasing by approximately 16 percent from the prior year. The Data Center will continue its strategy of engagement with financial data standards-setting organizations. Additionally, in FY 2020 the OFR saw an uptick in rules that incorporate use of financial data standards, with two final rules and a rule change that covered the LEI, among other matters.

In addition to its LEI work, the OFR is continuing to fulfill its data-related mandates through an array of initiatives, including publication of a new daily data release on transactions in the \$4 trillion market for U.S. centrally-cleared repurchase agreements (repos), which provide funding to securities dealers and others. The Technology Center will continue making enhancements to the data series into the next fiscal year and beyond, including validation and transformation of the collected data to support business uses. This budget request provides for the needed capacity and capabilities to support this critical daily collection.

The OFR is also focusing on engaging with FSOC and others to drive its research agenda and to help identify the tools needed for risk monitoring. The Research and Analysis Center will also work on enhancing its existing monitoring tools. Throughout FYs 2021 and 2022, the Research and Analysis Center 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. The Center will contribute to the FSOC's transition to an activities-based approach for the non-bank designation process and will continue to respond to specific requests for research and analysis. The Center 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.