

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate	FY 2022 to FY 2023 % Change
Data Center	\$3,033	\$4,045	\$5,630	39.2%
Technology Center	\$40,743	\$38,320	\$40,909	6.8%
Research and Analysis Center	\$8,692	\$15,184	\$20,413	34.4%
Operations and Support Services	\$18,066	\$20,945	\$21,160	1.0%
Total Cost of Operations	\$70,534	\$78,494	\$88,112	12.3%
Full-time Equivalents (FTE)	111	143	163	14.0%

Summary

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2023 funding level of \$88.112 million, which is \$9.618 million higher than its FY 2022 estimated funding level. The FY 2023 Budget includes increases in funding for the Data Center, Technology 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). It also provides for the corresponding technology and operations infrastructure needed to execute that mission work.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2022 Estimate	143	\$78,494
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$2,124
Pay Annualization	0	\$323
Pay Raise	0	\$970
Non-Pay	0	\$831
Non-Recurring Costs for Facilities Upgrades	0	(\$1,360)
Subtotal Changes to Base	0	\$764
FY 2023 Current Services	143	\$79,258
Program Changes:		
Program Increases:	20	\$8,854
Research and Analysis Center	9	\$4,793
Technology Center	5	\$1,582
Data Center	2	\$1,453
Operations and Support Services	4	\$1,026
FY 2023 Estimate	163	\$88,112

Maintaining Current Levels (MCLs)+\$2,124,000 / +0 FTE
Pay Annualization +\$323,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise +\$970,000 / +0 FTE

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

Non-Pay +\$831,000 / +0 FTE

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

Non-Recurring Costs.....-\$1,360,000 / +0 FTE
Non-Recurring Costs -\$1,360,000 / +0 FTE

This efficiency adjustment stems from the execution of non-recurring facilities improvements in FY 2022, associated with reentry planning and lease renewal activities.

Program Increases..... \$8,854,000 / +20 FTE
Research and Analysis Center \$4,793,000 / +9 FTE

This program increase is driven by new work requirements in support of the Financial Stability Oversight Council (FSOC) and the Administration’s emerging priorities: short-term funding markets, asset management/hedge fund monitoring, environmental risks, digital assets/cryptocurrencies, and cybersecurity. It responds to growing demands for research on financial stability, especially risks and vulnerabilities in areas not previously requested from our external stakeholders. This includes research related to uncleared bilateral repurchase agreement (repo) data and revitalizing a research grants program to drive high-impact research and analysis in research areas outside of traditional finance and economics disciplines.

Technology Center \$1,582,000 / +5 FTE

This program increase is driven by new work requirements in support of a secure cloud environment, plus data and dataset management. It responds to:

- Emerging cybersecurity needs, ensuring an ability to meet evolving demands for secure, cloud-based infrastructure.
- Increasing demands for data sharing and data product functionality and support from internal and external stakeholders. This includes the development and maintenance of a climate-related data and analytics hub serving multiple stakeholder groups.
- Pursuit of research related to uncleared bilateral repo data and potentially subsequent data product work. This scales support for potentially collecting, maintaining, and using the new data and related products.

Data Center \$1,453,000 / +2 FTE

This program increase is driven by new work requirements in support of the OFR’s data products, including financial monitors, and responds to:

- Expanding requirements associated with the statutorily-mandated Financial Instrument Reference Database (FIRD). The FIRD was initially mandated within the Dodd Frank Act. Increased funding herein supports the analysis and integration of new reference data into the

FIRD, based on emerging X9D¹ Industry Forum recommendations that will inform the future shape of the FIRD.

- Higher than anticipated workloads for monitor production, review, and publication due to rapidly changing market conditions, limited data availability, and varying levels of data quality. This supports the development of a framework that defines a path from conception to production for machine learning products, performing exploratory data analysis for the development of new data visualizations, and increasing the interpretability of complex financial data.
- Increasing demands for data sharing and data product functionality and support from internal and external stakeholders. This includes the development and operation of a climate-related data and analytics hub serving multiple stakeholder groups. An updated Climate Data Hub would serve additional FSOC stakeholders beyond the Federal Reserve Board and Federal Reserve Bank of New York in FY 2023.
- Growing standards work initiatives raised by OFR’s global and domestic partners. This increase responds to the increased engagements with the Department of the Treasury’s Office of International Financial Markets in the financial standards work of the OFR and the FSOC.

Operations and Support Services \$1,026,000 / +4 FTE

This program increase stems from process and program improvement efforts begun in FY 2021, which enhanced the effectiveness of the OFR’s operational functions. This included focused service improvements for strategic planning, resource management, risk management, and organizational performance measurement and monitoring, as well better use of data for decision making through improved tools and visualizations.

Legislative Proposals

The OFR has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Target	FY 2023 Target
Data Center	Number of Legal Entity Identifiers Issued Cumulatively in the United States and Internationally	1,487,695	1,733,473	1,941,554	I	I
Data Center	Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	1	3	2	I	I

Key: I – Indicator

Description of Performance

While promotion of the Legal Entity Identifier (LEI) remains a foundational standards focus for the OFR, the Data Strategy and Standards (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 FY 2023, the team will identify and analyze data standards gaps and the potential to fill them. Specific engagements include contributing to the further development of the Natural Person Identifier (ISO 24366), a new standard of the International Organization for

¹X9D is a Subcommittee of the Accredited Standards Committee X9, accredited by the American National Standards Institute to develop and maintain voluntary consensus standards for the financial services industry.

Standardization. This standard provides specifications to uniquely identify the natural person relevant to any financial transaction. In addition, DSS will continue providing Secretariat support for the Regulatory Oversight Committee (ROC), delivering expert knowledge of standards and service to its members.

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 includes identifying industry data standards requirements obtained from the X9 Industry Forum for Financial Terms Harmonization and integrating new functionality into the OFR's FIRD. This effort will be conducted in the X9 Industry Forum for Financial Terms Harmonization, with OFR as Chair.