# PERSONALIZED FEDERATED FINE-TUNING FOR HETEROGENEOUS DATA: A TWO-LEVEL LOW RANK ADAPTATION APPROACH

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Paper under double-blind review

## ABSTRACT

We study the personalized federated fine-tuning task with heterogeneous client data in the context of foundation models, where clients collaboratively fine-tune a foundation model (e.g., BERT, GPT) without sharing their local data, achieving personalized models simultaneously. While recent efforts have applied parameter-efficient fine-tuning techniques like low-rank adaptation (LoRA) or training prompts in federated settings, they often overlook data heterogeneity and model personalization. The primary challenge is that a single common adapter or prompt learner may not suffice for the diverse data of all clients. To address this issue, we propose PF2LoRA, a new personalized federated fine-tuning algorithm based on a novel *two-level low rank adaptation framework* on top of LoRA. Given the pretrained foundation model whose weight is frozen, our algorithm aims to learn two levels of adaptation simultaneously: the first level aims to learn a common adapter for all clients, while the second level fosters individual client personalization. This framework explicitly accommodates variations in adapter matrix ranks across clients and introduces minimal additional memory overhead, as the second-level adaptation comprises a small number of parameters compared to the first level. Our experiments on natural language understanding and generation tasks demonstrate that PF2LoRA significantly outperforms existing federated fine-tuning methods.

## 1 INTRODUCTION

Federated learning (FL) (McMahan et al., 2017a; Kairouz et al., 2021) has emerged as a crucial paradigm for enabling collaborative training of machine learning models across distributed clients while preserving data privacy (McMahan et al., 2017b; Geyer et al., 2017). FL is particularly important in some scenarios that involve sensitive data, such as healthcare (Brisimi et al., 2018; Sheller et al., 2020), finance (Yang et al., 2019), and mobile devices (Bonawitz et al., 2019). However, in the context of foundation models like BERT (Devlin et al., 2018) and GPT (Radford et al., 2018), traditional FL algorithms face significant challenges due to the complexity of these models. It requires huge computing resources when directly fine-tuning model parameters on the heterogeneous data distributed across different clients.

To address the issue of fine-tuning foundation models, many parameter-efficient fine-tuning (PEFT) methods such as prompt tuning (Lester et al., 2021) and low-rank adaptation (LoRA) (Hu et al., 2021) have been explored, where LoRA freezes the original pre-trained parameters $W \in \mathbb{R}^{m\times n}$ of the foundation model while fine-tuning additional low rank matrices $B \in \mathbb{R}^{m\times r}$ and $A \in \mathbb{R}^{r\times n}$, $r \ll \min(m, n)$. This technique enables fine-tuning large models with a reduced number of trainable parameters, making them more suitable for resource-constrained devices. This paper specifically focuses on LoRA in the context of federated learning for heterogeneous data.

A natural method to perform low rank adaptation in federated learning is to adopt the same rank $r$ of matrices $A$ and $B$ across different clients. This method is referred to as homogeneous LoRA (HOMLoRA), but it does not accommodate the personalized requirement of clients with heterogeneous data distributions. Recent work HETLoRA (Cho et al., 2024) highlights the importance of heterogeneous rank configurations to enable personalized federated learning, which proposed

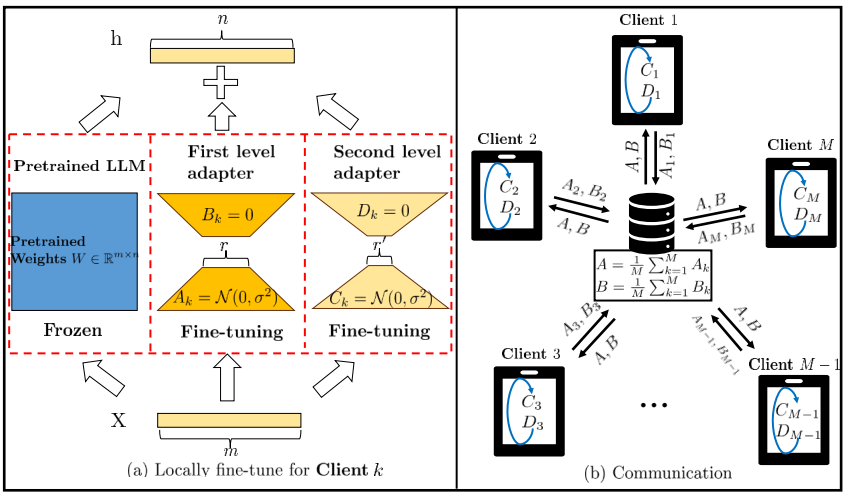


Figure 1: Illustration of the two-level low-rank adaptation framework. The first level learns a common adapter $\{A, B\}$ for all clients, and the common adapter is synchronized by averaging across all the clients at every communication round. The second level aims to learn a client-specific and lightweight adapter $\{C_k, D_k\}$ for a specific client $k \in [1, M]$, while the lightweight adapters introduce negligible additional memory overhead.

"matrix truncation", "local rank self-pruning", and "sparsity-weighted aggregation" to learn various ranks $r_k$ for the heterogeneous data from clients. However, this approach suffers from two main drawbacks: (1) The initial rank for any client is fixed and in the range of predefined minimal and maximal ranks, which is independent of client data. However, it is possible that the clients learning difficult tasks are assigned with smaller ranks and do not have the capacity to learn their corresponding tasks well. (2) There are many hyperparameters which need to be tuned, including the minimal and maximal values of rank, the pruning parameter, and the sparsity parameter. It remains unclear how to perform personalized federated fine-tuning such that the adapter is dependent on the data and the procedure has a small number of tuning parameters.

In this paper, we propose PF2LoRA, a novel personalized federated fine-tuning algorithm that explicitly incorporates heterogeneous ranks into the problem formulation. Our approach introduces a *two-level low-rank adaptation framework* on top of LoRA. The first level learns a common adapter for all clients $x = \{B \in \mathbb{R}^{m\times r}, A \in \mathbb{R}^{r\times n}\}$, while the second level facilitates individual client personalization by learning client-specific and lightweight adapter $y_k$ for $k$-th client, where $y_k = \{D_k \in \mathbb{R}^{m\times\tilde{r}}, C_k \in \mathbb{R}^{\tilde{r}\times n}, 0 < \tilde{r} < r\}$ and $1 \le k \le M$. We formulate the proposed two-level low-rank adaptation framework as a bilevel optimization problem: we aim to learn a common adapter $x$ to minimize the loss function given the fact the individual client adapters $\{y_k\}_{k=1}^{M}$ can achieve the best performance when the common adapter $x$ is given. The two-level LoRA framework explicitly accommodates variations in adapter matrix ranks across clients, which essentially circumvents the rank pruning, matrix truncation, and zero-padding in HETLoRA for the alignment of adapters. The introduced client-specific adapter actually enables the personalized adaptation for heterogeneous data. Besides, the whole framework increases negligible additional memory overhead, as the second-level low rank adaptation comprises a small number of parameters compared to the first level. Our main contribution is listed as follows:

- We propose a novel bilevel formulation for personalized fine-tuning on heterogeneous data, and develop a two-level low rank adaptation framework to efficiently fine-tune foundation model in the scenario of federated learning. The main workflow of our framework is illustrated in Figure 1.
- Through extensive experiments on various natural language understanding and generation tasks, we demonstrate that PF2LoRA significantly outperforms existing federated fine-tuning baselines, providing a robust and efficient solution for personalized federated learning with foundation models. For example on GLUE benchmark, PF2LoRA achieves

$25.6\%$, $2.33\%$, $15.34\%$, and $2.53\%$ higher performance than state-of-the-art baseline HETLoRA on MNLI, SST-2, QQP, QNLI dataset, respectively. In addition, through extensive ablation studies, we show that our proposed two-level adaptation framework achieves the highest performance across various data heterogeneity levels and outperforms baseline methods even if they use more trainable parameters.

## 2 Related Work

**Parameter-efficient Fine-Tuning.** There are various categories of parameter-efficient fine-tuning (PEFT) techniques, where only a subset of parameters of the pretrained foundation model or a small number of additional parameters are updated to adapt to the target task. The first line of work includes bias update or head-tuning (Lee et al., 2019; Zaken et al., 2021; Lawton et al., 2023; Wei et al., 2021) and weight masking (Zhao et al., 2020; Sung et al., 2021; Xu et al., 2021). The second line of work considers adapters (Houlsby et al., 2019; He et al., 2021a), prompt tuning (Lester et al., 2021; Li & Liang, 2021) and low rank matrix adaptation (Hu et al., 2021). Different from these works, our paper focuses on designing new federated learning algorithms based on low rank adaptation with heterogeneous data, where the local client data is decentralized and not shared to other clients.

**Federated Learning with Fine-tuning.** The PEFT framework has been recently incorporated in the FL framework (Babakniya et al., 2023; Zhang et al., 2024; 2023b; Cho et al., 2024; Wang et al., 2023). However, most of them do not consider the data heterogeneity in the context of foundation models. To the best of our knowledge, HETLoRA (Cho et al., 2024) is the only work which allows data-independent heterogeneous ranks for each clients by a fixed rank initialization, zero-padding, truncation, self-pruning and sparsity regularization. In contrast, our work promotes data-dependent heterogeneous ranks of local clients by an explicit bilevel modeling and reduce the number of tuning hyperparameters.

## 3 Preliminaries

In this section, we introduce a few parameter-efficient fine-tuning methods in the context of (federated) foundation model learning. It includes LoRA, HOMLoRA, HETLoRA. Due to limited space, we describe a variant of the personalized federated learning algorithm in the context of low rank adaptation method, namely Per-FedAvg-LoRA, in Appendix A.

**Low-rank adaptation (LoRA).** LoRA is a technique designed to efficiently fine-tune large pre-trained models by injecting trainable low-rank matrices into each layer of a foundation model (Hu et al., 2021). Formally, consider a pre-trained model where the original weight matrix is denoted as $W_0 \in \mathbb{R}^{m\times n}$. The model update $\Delta W$ during the fine-tuning can be approximated by multiplication of two low-rank matrices $B \in \mathbb{R}^{m\times r}$ and $A \in \mathbb{R}^{r\times n}$. The updated weight matrix $W$ is then given by:

$$W = W_0 + \Delta W = W_0 + BA. \tag{1}$$

This decomposition allows the model to learn adaptations for down-stream tasks while keeping the majority of the original weights frozen, thereby maintaining the pre-trained knowledge and significantly reducing memory and computational overhead.

**HOMLoRA**. When considering LoRA in the scenario of federated learning, a natural extension is refereed to as HOMLoRA, which adopts homogeneous rank $r$ across all the clients. Assume that $M$ clients participate in federated learning at every communication round. The objective function of each client $k$ is $f_k(\cdot)$, and the goal is to find a common adapter $x = \{A \in \mathbb{R}^{m\times r}, B \in \mathbb{R}^{r\times n}\}$ that performs well across all the clients. It aims to solve the optimization problem: $\min_x \frac{1}{M}\sum_{k=1}^{M} f_k(x)$. Specifically, each client locally updates their adapters for $I$ steps by Adam (or SGD) using their local data, and the server aggregates the adapters from each local clients $\{A_k^t, B_k^t\}_{k=1}^M$ ($k$ is the local client id) at iteration $t$ when $t$ is a multiple of $I$, where $I$ is the number of local updates per round: $A^t = \frac{1}{M}\sum_{k=1}^{M} A_k^t$, $B^t = \frac{1}{M}\sum_{k=1}^{M} B_k^t$. Then the server broadcasts the aggregated adapters back to each client. HoMLoRA can be regarded as a direct extension of FedAvg (McMahan et al., 2017a) in the context of LoRA (Hu et al., 2021).

**HETLoRA.** Recently, Cho et al. (2024) proposed a heterogeneous LoRA method, namely HETLoRA, which is able to learn heterogeneous low rank matrices for different clients. The main technical components contain four parts: (1) a fixed rank initialization: where the $r_k$ is fixed for $k$-th client and $r_{min} \leq r_k \leq r_{max}$; (2) distribution via truncation, wherein at each communication round, each client truncates the global adapter matrices to align dimensions $A_k^t = A_{:r_k,:}^t, B_k^t = B_{:,:r_k}^t$;

(3) local training with self-pruning, which introduces the regularization term (with a penalty coefficient $\lambda$) to induce adapter sparsity (with a sparsity factor $\gamma$), and it dynamically reduces the $r_k$ by pruning unimportant columns in $B_k^t$ (or rows in $A_k^t$); (4) sparsity-weighted aggregation, wherein each communication round, to aggregate the adapter matrices with different rank $r_{min} \leq r_k \leq r_{max}$, the server reconstructs $\{A_k^t, B_k^t\}$ by zero-padding them to $r_{max}$.

Then HETLoRA updates the common adapter by aggregating the local adapters with an aggregation weight. In particular, the update rule is $A^{t+1} = \sum_{k=1}^{M} \|\Delta W_k^t\| A_k^t / \sum_{k=1}^{M} \|\Delta W_k^t\|$ and $B^{t+1} = \sum_{k=1}^{M} \|\Delta W_k^t\| B_k^t / \sum_{k=1}^{M} \|\Delta W_k^t\|$, $\Delta W_k^t = B_k^t A_k^t$.

However, the performance of HETLoRA heavily depends on (1) the fixed rank initialization, which is independent of data and may cause underfitting or overfitting issues, and (2) the proper setting for a set of hyperparameters, including $r_{\min}$, $r_{\max}$, $\gamma$, and $\lambda$.

To address these issues, we propose a new two-level low-rank adaptation framework for personalized fine-tuning in the next subsection.

## 4 A New Two-level Adaptation for Personalized Federated Fine-Tuning

As we discussed in Section 3, HOMLoRA uses only one common adapter $x = \{B \in \mathbb{R}^{m \times r}, A \in \mathbb{R}^{r \times n}\}$ across all the clients, which is insufficient to learn from the heterogeneous data in federated learning. Therefore, we introduce a client-specific adapter for every client $k$ with $y_k = \{D_k \in \mathbb{R}^{m \times \tilde{r}}, C_k \in \mathbb{R}^{\tilde{r} \times n}, 0 < \tilde{r} < r, 1 \leq k \leq M\}$. We emphasize that the newly introduced adapter has a much smaller rank $\tilde{r}$ than that in the common adapter. Empirically, we usually set $\tilde{r} = \frac{r}{4}$ or $\frac{r}{2}$, which means the trainable parameters in the client-specific adapter are only $\frac{1}{4}$ or $\frac{1}{2}$ of those in the common adapter. Thus the new adapter is lightweight and incurs negligible additional memory overhead.

Different from equation 1, we incorporate both the common and client-specific adapters. In particular, the adapter for the $k$-th client can be parameterized as,

$$W_k = W_0 + BA + D_k C_k, \tag{2}$$

where $W_k$ is the adapter for $k$-th client, $A, B$ are common adapters for all clients, and $(C_k, D_k)$ are client-specific adapters for $k$-th client. Since the original weight $W_0$ is frozen, the trainable parameters in the model are $A, B, C_k, D_k$ for the client $k$. Different than the HETLoRA whose local client matrix rank is predefined and independent of data, our specific parameterization equation 2 explicitly encourages each adapter $W_k$ for the $k$-th client to vary over $k$: it can have different ranks in the range $(r - \tilde{r}, r + \tilde{r})$ and the specific rank is automatically determined by the training data.

We formalize our two-level adaptation framework for personalized federated fine-tuning as the following bilevel optimization problem:

$$\begin{aligned} \min_x \Phi(x) &\coloneqq \frac{1}{M} \sum_{k=1}^{M} f_k(x, y_k^*(x)), \quad \text{(UL)} \\ \text{s.t.,}\ y_k^*(x) &\in \arg\min_{y_k} f_k(x, y_k), \qquad \text{(LL)} \end{aligned} \tag{3}$$

where $f_k(x, y_k) \coloneqq \mathbb{E}_{\xi \sim \mathcal{D}_k} F_k(x, y_k; \xi)$ is the loss function for the $k$-th client, $F_k$ the individual loss function for a sample $\xi$ from the $k$-th client, and $\mathcal{D}_k$ is the data on client $k$. The upper-level (UL) learns a common adapter $x$ for all the clients upon a set of the best client-specific adapters $\{y_k^*(x) \mid 1 \leq k \leq M\}$ for given $x$ defined by the lower-level problem. Given the common adapter, the lower-level (LL) aims to locally search the optimal client-specific adapter to fit its respective data, which in fact fosters individual client personalization.

**Algorithm 1** TWO-LEVEL ADAPTATION FOR PERSONALIZED FINE-TUNING

1: **Input:** $\alpha, \eta, I, T, M, \mathcal{D}_k$
2: **for** $k \in \{1, \ldots, M\}$ **in parallel do**
3:  **for** $t = 0, 1, \ldots, T-1$ **do**
4:  Sample $\pi_k^t$, $\xi_k^t$, $\tilde{\xi}_k^t$, $\zeta_k^t$ independently from distribution $\mathcal{D}_k$
5:  $y_k^{t+1} = y_k^t - \alpha \nabla_y F_k(x_k^t, y_k^t; \pi_k^t)$
6:  $x_k^{t+1} = x_k^t - \eta \nabla_x F_k(x_k^t, y_k^{t+1}; \xi_k^t) + \alpha\eta \nabla_{xy} F_k(x_k^t, y_k^t; \zeta_k^t) \nabla_y F_k(x_k^t, y_k^{t+1}; \tilde{\xi}_k^t)$
7:  **if** $t\%I == 0$ **then**
8:  $x^{t+1} = \frac{1}{M} \sum_{k=1}^{M} x_k^{t+1}$
9:  $x_k^{t+1} = x^{t+1}$
10:  **end if**
11:  **end for**
12: **end for**

**Algorithm Design.** Now we consider solving equation 3 efficiently in personalized federated learning. At the beginning of every communication round, i.e., $(t\%I = 0)$, each client $k$ receives the averaged common adapter $x_k^t$ from the server, and starts running its local steps. We run one step SGD for the lower-level problem to approximately find the minimizer of the lower-level problem (line 5 in Algorithm 1).

Define $\Phi_k(x) = f_k(x, y_k^*(x))$, then the gradient of the function $\Phi_k(x_k^t)$ in terms of $x_k^t$, namely hypergradient (Ghadimi & Wang, 2018), can be calculated by chain rule approximately as follows:

$$\nabla \Phi_k(x_k^t) \approx \nabla \widehat{\Phi}_k(x_k^t) = \nabla_x f_k(x_k^t, y_k^{t+1}) - \alpha \nabla_{xy} f_k(x_k^t, y_k^t) \nabla_y f_k(x_k^t, y_k^{t+1}), \tag{4}$$

where $\approx$ is due to the fact that $y_k^{t+1}$ is only an approximation to the optimal solution $y_k^*(x_k^t)$. Therefore, we use the stochastic version of $\nabla \widehat{\Phi}_k(x_k^t)$ to update the common adapter $x$ on client $k$, as described in line 6 of Algorithm 1.

In fact, Adam or AdamW can also be used to update the upper-level variable based on the stochastic gradient information to replace the SGD update as in line 6. Empirically, we adopt AdamW as the upper-level optimizer (line 6) and SGD as the lower-level optimizer (line 5) to fine-tune a language model. One can refer to Algorithm 1 for more details, where line 5 is used to update the client-specific adapter, line 6 is used to update the common adapter, and line 8 corresponds to the synchronization of the common adapter.

**Detailed Implementation for Language Models**. Next, we present the details about how to implement our framework in large language models like RoBERTa (Liu et al., 2019), DeBERTa (He et al., 2020), and GPT-2 (Radford et al., 2019). All of these models are developed based on the transformer (Vaswani et al., 2017) architecture, which consists of multiple layers (e.g., $L$) of self-attention modules and feed-forward networks. The self-attention module contains query ($W_q \in \mathbb{R}^{m \times n}$), key ($W_k \in \mathbb{R}^{m \times n}$) and value ($W_v \in \mathbb{R}^{m \times n}$) weight matrices, where LoRA is typically applied to $W_q$ and $W_v$.

When initializing the language model for each client, we first load the pretrained weights into the model and then locate all self-attention modules in every layer. For each $W_0^i$ matrix in $i$-th self-attention layer, we initialize two new matrices $B^i \in \mathbb{R}^{m \times r}$, $A^i \in \mathbb{R}^{r \times n}$ ($r$ is typically set as 8 or 4), and then merge the multiplication of matrices $B^i, A^i$ and $W_0^i$ to form new merged weight matrix $W_0^i + B^i A^i$. After the model finishes initialization, we freeze all the pretrained parameters, i.e., $W_0 = \{W_0^0, ..., W_0^{L-1}\}$ is frozen, and only matrices $B = \{B^0, ..., B^{L-1}\}$, $A = \{A^0, ..., A^{L-1}\}$ are allowed to be trained. Here $\{B, A\}$ matrices form the common adapter $x$ in equation 3. The above description outlines the standard model initialization procedure of HOMLoRA.

Now, let us discuss the differences in model initialization between our framework and HOMLoRA. In addition to the initialization procedures mentioned above, our framework requires two matrices: $D_k^i \in \mathbb{R}^{m \times \tilde{r}}$ and $C_k^i \in \mathbb{R}^{\tilde{r} \times n}$ ($\tilde{r}$ is typically set as $\frac{r}{4}$ or $\frac{r}{2}$) to be initialized in $i$-th self-attention layer on client $k$. Then the new matrix can be parameterized as $W_0^i + B^i A^i + D_k^i C_k^i$. Note that $D_k = \{D_k^0, ..., D_k^{L-1}\}$ and $C_k = \{C_k^0, ..., C_k^{L-1}\}$ along with $\{B, A\}$ are trainable parameters of the model. Here $\{D_k, C_k\}$ matrices form the client-specific adapter $y_k$ in equation 3. Refer to PyTorch-style pseudocode 2 in Appendix B for implementation details.

# 5 EXPERIMENTS

In this section, we first conduct extensive experiments with our algorithm and baselines on two major natural language tasks, i.e., natural language understanding (NLU) and natural language generation (NLG), where NLU experiments include the text classification on GLUE benchmark (Wang et al., 2018) and question answering task on SQuAD v1 (Rajpurkar et al., 2016) and v2 (Rajpurkar et al., 2018). NLG experiments are performed on E2E NLG Challenge dataset (Novikova et al., 2017) and WebNLG dataset (Gardent et al., 2017). Then we execute the ablation studies to explore (1) the performance comparison when other baselines have more trainable parameters than ours in section 5.3; (2) the impact of data heterogeneity on PF2LoRA and baselines in Appendix F.1; and (3) the importance of bilevel optimization in our framework in Appendix F.2. In addition, we analyze the training stability of HETLoRA and PF2LoRA in Appendix G. We compare with four baselines, including Centralized LoRA, Homogeneous LoRA (HOMLoRA), Personalized Federated Average LoRA (Per-FedAvg-LoRA), and Heterogeneous LoRA (HETLoRA).

## 5.1 NATURAL LANGUAGE UNDERSTANDING

### 5.1.1 ROBERTA ON TEXT CLASSIFICATION

**Model**. In this section, we adopt RoBERTa (Devlin et al., 2018) model to perform the personalized federated fine-tuning on the NLU task, i.e., text classification of GLUE benchmark. RoBERTa (Liu et al., 2019) is an enhancement of BERT (Devlin et al., 2018) designed to improve its performance on general NLU tasks. It is commonly used and remains a competitive performance in NLU. We take the pre-trained RoBERTa base (125M parameters) and RoBERTa large (355M parameters) from HuggingFace library (Wolf et al., 2020) and apply the LoRA technique to the model. Other baselines inject only common adapters into each attention-layer of the pretrained RoBERTa. In contrast, PF2LoRA injects common adapters and client-specific adapters into the pretrained model. For baselines Centralized LoRA, HOMLora, and Per-FedAvg-LoRA, we initialize the rank $r_k = 8$ across all the clients. HETLoRA initializes the client rank $r_k$, such that $r_{min} \leq r_1 \leq r_2 \leq \cdots \leq r_M \leq r_{max}$. In all the experiments, we tune the best $r_{min}$ and $r_{max}$, and initially assign $r_k = r_{min} + \frac{(r_{max}-r_{min})(k-1)}{M}$. PF2LoRA sets the rank $r_k$ of the common adapter to 8 and the rank $\tilde{r}_k$ of the client-specific adapter to 2. The number of trainable parameters of RoBERTa base/large corresponding to the initial rank are listed in Table 7 in Appendix C.1. We can observe that the number of trainable parameters in PF2LoRA is slightly increased. Note that HETLoRA uses a different rank for matrices on different clients, leading to different number of trainable parameters in each client, we count the average trainable parameters of the clients. Experimental results regarding baselines with more trainable parameters will be discussed in Section 5.3.

**Dataset**. We follow the non-i.i.d. partitioning protocol in (Karimireddy et al., 2020) to split each dataset into heterogeneous client datasets with varying label distributions. Specifically, for a similarity parameter $s \in [0, 1]$, each client's local dataset is composed of two parts. The first $(100 \times s)\%$ is comprised of i.i.d. samples from the complete dataset, and the remaining $100 \times (1 - s)\%$ of data is sorted by label. We select five classification datasets for text classification, including CoLA, MNLI, SST-2, QQP, QNLI, from GLUE benchmark. The data summary information is presented in Table 8 in Appendix C.1.

**Experiment Details**. We run federated fine-tuning algorithms across 8 clients (NVIDIA A100 GPU), where all the clients participate in the training process, while the first client (with ID = 0) also implements the parameter aggregation and distribution at every communication round. Centralized LoRA, HOMLoRA and HETLoRA use the AdamW optimizer to update the common adapter. Per-FedAvg-LoRA adopts SGD to implement one-step update and AdamW to update the common adapter. PF2LoRA uses SGD to update the client-specific adapter and AdamW to update the common adapter. The learning rates for all methods are tuned and the best choices of learning rate for each baseline can be found in Table 6 in Appendix C.1. For fair comparison, we keep the batch size $\mathcal{B} = 16$, and communication interval $I = 10$ for all the federated baselines. The communication rounds $R$ are set according to the dataset size, {CoLA: 50, MNLI: 300, SST-2: 100, QQP: 300, QNLI: 100}, and we keep the same $R$ for all the baselines in a dataset.

We first execute federated fine-tuning on each client's training data and then evaluate the model on each client's test data. The final test results are the average of each client's result. We use

Table 1: Roberta-base results on GLUE benchmark. We report "Matthew's correlation" for CoLA and "Accuracy" for MNLI, SST-2, QQP and QNLI. Higher value means "better performance".

| Method | CoLA | MNLI | SST-2 | QQP | QNLI |
|---|---|---|---|---|---|
| Centralized LoRA | 56.85 | 83.48 | 93.58 | 86.97 | 89.70 |
| HOMLoRA | 50.75 | 70.56 | 92.47 | 79.61 | 85.45 |
| Per-FedAvg-LoRA | 51.11 | 74.73 | 90.56 | 81.26 | 78.59 |
| HETLoRA | 53.76 | 73.33 | 93.67 | 81.49 | 91.86 |
| PF2LoRA | **54.19** | **92.14** | **95.85** | **93.99** | **94.18** |

"Matthews's correlation" to measure the performance on CoLA and "Accuracy" to measure the performance on MNLI,SST-2, QQP, QNLI. The results are presented in Table 1 for RoBERTa base and Table 14 in Appendix D for RoBERTa large, where the heterogeneity level $s = 0.3$ is set for CoLA and $s = 0.9$ for MNLI, SST-2, QQP, and QNLI. PF2LoRA outperforms significantly all the baselines including Centralized LoRA on datasets MNLI, SST-2, QQP, QNLI. On dataset of CoLA, PF2LoRA performs better than other federated baselines and close to Centralized LoRA.

#### 5.1.2 DeBERTa on Question Answering

**Model**. DeBERTa (He et al., 2021b) is an enhanced transformer encoder. It improves the understanding capability for text compared to BERT and RoBERTa, and thus can perform better in more sophisticated natural language tasks, such as question-answering, and sentiment analysis. We adopt DeBERTa v3 with 86M parameters in the question-answering task SQuAD v1 and v2.

**Dataset**. SQuAD v1/v2 is a reading comprehension dataset consisting of 100k+/150k+ (v1/v2) question-answering pairs extracted from Wikipedia articles. Each sample consists of a passage, a question, and an answer, where the answers in SQuAD v1 can be derived from the given passage, but SQuAD v2 includes some questions that do not have an answer in the passage, thus it serves as a more challenging benchmark for reading comprehension. These questions involve a wide range of topics, e.g., history, science and technology, geography and places. We construct the heterogeneous data based on the question topics. There are 442 unique topics in the training set for both datasets, but only 48 (35) topics for SQuAD v1 (v2) test set, and the topics in the training and test set are totally different. To guarantee consistency of data distribution between the training and test set, we uniformly sample $80\%$ from the original training set as the new training set and regard the rest as the test set. Then we use the same way mentioned in Section 5.1.1 to construct the heterogeneous data with heterogeneity parameter $s = 0.5$. Exact Match (EM) score and F1 score are two commonly used metrics to evaluate the quality of answers that models provide.

**Experiment Details**. Considering the complexity of the question-answering task, we run federated fine-tuning across 4 clients (NVIDIA A100 GPU) with the same heterogeneity parameter $s = 0.5$, communication rounds $R = 200$, communication interval $I = 10$ for SQuAD v1/v2. The optimizer for different baselines follows the settings in Section 5.1.1. The batch size $\mathcal{B}$ is fixed as 16 for all the baselines for fair comparison. The best learning rate settings for baselines are listed in Table 9 in Appendix C.2. The initial rank settings for all the baselines can be found in Table 10 in Appendix C.2. The test results of PF2LoRA and other baselines are shown in Table 2. PF2LoRA exhibits the highest EM score and F1 score among all federated baselines. For example, PF2LoRA outperforms the best baseline by $4.08\%$ in terms of EM score and $2.20\%$ in terms of F1 score on SQuAD v1.

Table 2: Deberta-v3 results on SQuAD.

| Method | SQuAD v1.0 (EM/F1) | SQuAD v2.0 (EM/F1) |
|---|---|---|
| Centralized LoRA [1] | 68.72/83.36 | 44.56/53.31 |
| HOMLoRA | 68.57/82.99 | 42.53/52.70 |
| Per-FedAvg-LoRA | 68.80/83.08 | 43.15/53.16 |
| HETLoRA | 68.64/83.28 | 44.53/54.69 |
| PF2LoRA | **71.61/85.11** | **44.95/54.71** |

### 5.2 Natural Language Generation

For NLG tasks, we follow LoRA (Hu et al., 2021) to use GPT-2 medium model for federated fine-tuning on WebNLG and E2E NLG Challenge dataset.

**Model**. GPT-2 (Radford et al., 2019) is an advanced language model developed by OpenAI. It builds on the success of the original GPT model, and has been widely applied in natural language understanding and generation. We use GPT-2 medium with 345M parameters and GPT2-XL with 1.5 Billion parameters for NLG tasks.

**Dataset**. WebNLG dataset is a benchmark for evaluating natural language generation systems. It focuses on generating coherent and contextually relevant text from structured data (e.g., RDF triples). It includes various domains such as sports, cities, universities, hotels and more. E2E NLG Challenge dataset is a NLG dataset especially focusing on restaurants domain. It emphasizes generating natural, human-like text from structured data (including attributes like restaurant name, food type, price range and rating). For WebNLG, we find that the text style and feature vary with the domains, so we construct the heterogeneous data based on the entry domains. There are 10 domains in the training set and test set. We split the domain into 8 (the number of clients) groups, and make sure that the domains of training and test set on a client are the same. E2E NLG Challenge dataset collects information of 34 restaurants in the training set and 18 restaurants in the test set. We split all the restaurants into 8 (the number of clients) groups by the name, and make sure that the restaurant names in the test set that a client receives are covered by its training set.

Table 3: GPT-2 generation results on WebNLG dataset.

| Method | BLEU ↑ | MET ↑ | TER ↓ | ROUGE-L ↑ |
|---|---|---|---|---|
| Centralized LoRA | 0.6031 | 0.7807 | 0.5900 | 0.4169 |
| HOMLoRA | 0.5141 | 0.7271 | **0.5697** | 0.4736 |
| Per-FedAvg-LoRA | 0.5152 | 0.7219 | 0.5746 | 0.4740 |
| HETLoRA | 0.5196 | 0.7219 | 0.5746 | 0.4740 |
| PF2LoRA | **0.5261** | **0.7301** | 0.5733 | **0.4769** |

Table 4: GPT2-XL generation results on WebNLG dataset.

| Method | BLEU ↑ | MET ↑ | TER ↓ | ROUGE-L ↑ |
|---|---|---|---|---|
| HOMLoRA | 0.5768 | 0.7771 | **0.6103** | 0.3967 |
| Per-FedAvg-LoRA | 0.5783 | 0.7783 | 0.6157 | 0.3972 |
| HETLoRA | 0.5763 | 0.7789 | 0.6164 | 0.3922 |
| PF2LoRA | **0.5881** | **0.7832** | 0.6198 | **0.3978** |

Table 5: The comparison results with more trainable parameters in baselines. We report "Matthew's correlation" for CoLA and "Accuracy" for MNLI, SST-2, QQP and QNLI. Higher value means "better performance".

| Method | Initial Rank | # Parameters | CoLA | MNLI | SST-2 | QQP | QNLI |
|---|---|---|---|---|---|---|---|
| HOMLoRA | $r_k = 12$ | 0.44M | 52.01 | 73.82 | 92.63 | 80.11 | 86.27 |
| Per-FedAvg-LoRA | $r_k = 12$ | 0.44M | 52.35 | 78.62 | 89.65 | 81.12 | 81.41 |
| HETLoRA | $r_{max} = 16, r_{min} = 8$ | 0.43M | 53.43 | 79.32 | 94.83 | 81.71 | 92.12 |
| PF2LoRA | $r_k = 8, \tilde{r}_k = 2$ | **0.37M** | **54.19** | **92.14** | **95.85** | **93.99** | **94.18** |

**Experiment Details**. We follow the procedures in LoRA (Hu et al., 2021) to implement language generation, including (1) fine-tuning the language model, (2) generating outputs for text data using beam search, (3) decoding the outputs, and (4) evaluating the generated outputs. The NLG experiments are run across 8 clients (NVIDIA A100 GPU), where each client fine-tunes the adapter on the

[1]Note that the results do not exactly match the LoRA results reported in Table 2 in (Zhang et al., 2023a). The reason is that the test data used in our experiment is different and more difficult. The test data is a subset of the original training data, which contains much more topics (442 topics) than that in the original test data (48 topics).

data of specific domains (WebNLG) or restaurants (E2E NLG Challenge), and then generates individual outputs for the client test data during the evaluation phase. We use metrics including BLEU, NIST, METEOR (MET), TER, ROUGE-L, CIDEr to measure the quality of generated texts.

The total communication rounds $R$ are set to 200 for WebNLG and 300 for E2E NLG Challenge, and communication interval is fixed as $I = 10$ for both datasets. The optimizer setting follows the previous Section 5.1.1. The batch size $\mathcal{B} = 4$, and beam search width $bw = 10$ are kept for all the baselines. We tune the best step size for each baseline, and the details are summarized in Table 11 and Table 12 in Appendix C.3. In addition, the rank initialization for each algorithm and the number of trainable parameters are summarized in Table 13 in Appendix C.3. The test results for GPT-2 medium are presented in Tables 3 and 15 in Appendix E, and the results of GPT2-XL are presented in Table 4. We can see that PF2LoRA achieves the best performance in almost all metrics compared to other federated fine-tuning baselines. For example, PF2LoRA on GPT-2 medium achieves $1.25\%$ higher BLEU score than HETLoRA on WebNLG and $3.85\%$ higher BLUE score than HETLoRA on E2E NLG Challenge.

### 5.3 Ablation Studies

We execute the ablation studies to explore (1) the performance comparison when other baselines have more trainable parameters than ours. (2) the impact of data heterogeneity on PF2LoRA and baselines. (3) the importance of bilevel optimization in our framework. Due to the space limitation, the details about (2) and (3) have been deferred to the Appendix. Refer to Appendix F.1 for the impact of data heterogeneity and Appendix F.2 for the importance of bilevel optimization.

**Baselines with More Trainable Parameters.** The lightweight client-specific adapters introduce additional trainable parameters. For fair comparison with other baselines, we consider to increase the number of trainable parameters in other baselines. Specifically, we increase the initial rank $r_k$ (from 8 to 12) for baselines HOMLoRA and Per-FedAvg-LoRA in the text classification experiments. Note that HETLoRA has different rank initialization $r_{min} \leq r_k \leq r_{max}$ for different client $k$, so we count the average trainable parameters of the clients. we can also control the number of trainable parameters by specifying $r_{min}$ and $r_{max}$. We specify $r_{min} = 5, r_{max} = 12$ in CoLA dataset and $r_{min} = 8, r_{max} = 12$ in other four text classification datasets. The number of trainable parameters of each baseline and the corresponding test score in each dataset are summarized in Table 5. Even if other algorithms have more trainable parameters than our method, PF2LoRA still demonstrates the best performance. PF2LoRA, with negligible additional trainable parameters, significantly improves the performance in personalized federated learning.

## 6 Theoretical Justification

In this section, we provide the theoretical justification for the Algorithm 1 in an simplified scenario: we consider the single machine case ($M = 1$) and assume we have access to the deterministic gradient oracle. In this case the algorithm reduces the following formulation:

$$\begin{aligned} &\min_x \Phi(x) \coloneqq f(x, y^*(x)), && \text{(UL)} \\ &\text{s.t., } y^*(x) \in \arg\min_y f(x, y), && \text{(LL)}, \end{aligned} \tag{5}$$

The update of Algorithm 1 in the single machine case with deterministic gradient reduces to the following update rule:

$$\begin{aligned} y^{t+1} &= y^t - \alpha \nabla_y F(x^t, y^t) \\ x^{t+1} &= x^t - \eta[\nabla_x F(x^t, y^{t+1}) + \alpha \nabla_{xy} F(x^t, y^t) \nabla_y F(x^t, y^{t+1})]. \end{aligned} \tag{6}$$

We will establish the convergence of the update rule equation 6 under the following assumptions.

**Assumption 6.1.** *(i) $f$ are bounded below, $\Phi(x_0) - \min_x \Phi(x) \leq \Delta$; (ii) $f$ is $\mu$-strongly convex in terms of $y$ for given $x$ ; (iii) $f$ is continuously differentiable and $L_{f,1}$-smooth jointly in $(x, y)$; (iv) $f$ is twicely differentiable and $\nabla^2 f$ is $L_{f,2}$-Lipschitz jointly in $(x, y)$.*

**Remark**: These assumptions are standard in the bilevel optimization literature (Kwon et al., 2023; Ji et al., 2021).

**Theorem 6.2** (Convergence Guarantees)**.** *Suppose Assumption 6.1 holds. Define the smoothness parameter* $L_\Phi = L_{f,1} + \frac{L_{f,1}^2}{\mu}$*, and choose* $\alpha = \frac{1}{4L_{f,1}}, \eta = \min\left(\frac{\mu^2}{5L_{f,1}^3\sqrt{(\frac{4L_{f,1}}{\mu} - \frac{\mu}{4L_{f,1}})}}, \frac{1}{8L_\Phi}, \sqrt{\frac{1}{16N}}, \sqrt[3]{\frac{1}{81NL_\Phi}}\right)$*, and* $N = \frac{25L_{f,1}^4(\frac{4L_{f,1}}{\mu}+1)}{16\mu^2}$*. Then, we have* $\frac{1}{T}\sum_{t=0}^{T-1}\|\nabla\Phi(x^t)\|^2 \leq O(1/T)$*, where* $T$ *is the total number of iterations.*

**Remark**: Theorem 6.2 provides a convergence guarantee with $O(1/T)$ convergence rate for the squared gradient norm. It means that it requires $O(1/\epsilon^2)$ gradient or Hessian-vector product evaluations for finding an $\epsilon$-stationary point (i.e., finding a $x$ such that $\|\nabla\Phi(x)\| \leq \epsilon$). This complexity matches the convergence rate of gradient descent for smooth nonconvex function. In addition, compared with existing double-loop bilevel optimization algorithms such as Ji et al. (2021), our update rule equation 6 is an single-loop bilevel algorithm and hence is easy to implement in practice.

## 7 Conclusion

In this paper, we presented PF2LoRA, a novel personalized federated fine-tuning algorithm for heterogeneous data based on a two-level low-rank adaptation framework, where the first level aims to learns a common adapter for all the clients and the second level fosters individual client personalization. Our approach addresses the limitations of existing methods, such as data-independent rank initialization and excessive hyperparameter tuning. Through comprehensive experiments on NLU and NLG tasks, PF2LoRA demonstrated significant performance improvements over state-of-the-art baselines, with negligible additional memory overhead.

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# A DETAILS OF PER-FEDAVG-LORA

**Per-FedAvg-LoRA**. Per-FedAvg-LoRA is built upon a well-known personalized federated learning approach called Per-FedAvg (Fallah et al., 2020), with the trainable model parameters being low rank matrices such as in LoRA. Per-FedAvg is a typical personalized federated learning algorithm, which incorporates Model-Agnostic Meta-Learning (MAML) (Finn et al., 2017) to FedAvg algorithm (McMahan et al., 2017a) to enable models quickly adapting to heterogeneous data. When it is applied to low rank adaptation, we can get a new variant, namely Per-FedAvg-LoRA. The goal of Per-FedAvg-LoRA is to find a common adapter $x$ which can perform well after it is updated by one-step gradient descent on each client. In particular, Per-FedAvg-LoRA is trying to solve the following formulation using the FedAvg algorithm:

$$\min_{x} \frac{1}{M} \sum_{k=1}^{M} f_k(x - \alpha \nabla f_k(x)), \tag{7}$$

where $\alpha > 0$ is the step size. Note that Per-FedAvg-LoRA uses adapter matrices with homogeneous rank across all the clients.

# B PYTORCH-STYLE PSEUDOCODE FOR PF2LORA

In this section, we show the PyTorch-style pseudocode for PF2LoRA. Our two-level low rank adapter framework can be derived by slightly modifying the LoRA module and integrating it into federating learning. When creating low rank adapters, we need to initialize two types of adapters, i.e., common adapters and the client adapters. The initial rank dimension for the common adapter is typically set to $r$, while for the client adapter, it is set to $\frac{r}{2}$. In addition, we require two different optimizers to update the common and client adapters. The common adapter is updated using AdamW, and the client adapter is updated using SGD. It's important to note that hypergradient calculation is necessary when updating the common adapter. Besides, our framework can be easily plugged into multiple language models, such as RoBERTa, DeBERTa and GPT-2, and others.

# C EXPERIMENT SETUP

## C.1 ROBERTA ON TEXT CLASSIFICATION

We use grid search to find the best learning rate for each algorithm in the range of $\{1.0\times10^{-4}, 5.0\times10^{-4}, 1.0\times10^{-3}, 2.0\times10^{-3}, 5.0\times10^{-3}\}$. For algorithm Per-FedAvg-LoRA, we search the optimal learning rate for one-step update and the common adapter update, respectively. For PF2LoRA, we also search for the best learning rate for the client-specific adapter update and the common adapter update. The selected learning rates for each algorithm are listed in Table 6, where we use slash to separate two learning rates for Per-FedAvg-LoRA and PF2LoRA, with the former learning rate being for the common adapter. For HETLoRA, we fix the sparsity parameter $\gamma = 0.99$ across all the datasets and set the penalty factor $\lambda = 1.0 \times 10^{-3}$ for CoLA dataset, and $\lambda = 5.0 \times 10^{-3}$ for MNLI, SST-2, QQP, and QNLI. The rank initialization and the number of trainable parameters are summarized in Table 7. The details of the text classification datasets are summarized in Table 8.

Table 6: Learning rate setting for RoBERETa model on GLUE benchmark. We use slash to separate two learning rates for Per-FedAvg-LoRA and PF2LoRA. For Per-FedAvg-LoRA, the former one is the learning rate for the common adapter, the latter one is the learning rate for one-step SGD. For PF2LoRA, the former one is the learning rate for the common adapter, the latter one is the learning rate for the client-specific adapter.

| Method | CoLA | MNLI | SST-2 | QQP | QNLI |
|---|---|---|---|---|---|
| Centralized LoRA | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ |
| HOMLoRA | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ | $2.0\times10^{-3}$ | $1.0\times10^{-3}$ | $1.0\times10^{-3}$ |
| Per-FedAvg-LoRA | $2.0\times10^{-3}/1.0\times10^{-2}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $2.0\times10^{-3}/1.0\times10^{-3}$ |
| HETLoRA | $5.0\times10^{-3}$ | $2.0\times10^{-3}$ | $2.0\times10^{-3}$ | $2.0\times10^{-3}$ | $2.0\times10^{-3}$ |
| PF2LoRA | $2.0\times10^{-3}/1.0\times10^{-4}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ | $1.0\times10^{-3}/1.0\times10^{-3}$ |

**Algorithm 2** PyTorch-style Pseudocode for PF2LoRA

```
# model_name: the name of pretrained model
# lr_in, lr_out: the learning rate for client and common adapter
# T: the total number of communication rounds, I: communication interval
# r: low rank parameter
# train_dataloader

import torch.distributed as dist
dist.init_process_group()
target_modules = ["query", "value"]
pretrained_model = LLM_Model.from_pretrained(model_name)
model = get_peft_model(pretrained_model, target_modules, r)
optimizer_outer = AdamW(model.common_adpter.parameters(), lr_in)
optimizer_inner = SGD(model.client_adpter.parameters(), lr_out)

step = 0
for epoch_idx in range(total_epochs)
    for data_batch in train_dataloader:
        inner_batch, outer_batch = data_batch
        update_client_adapter(model, inner_batch, optimizer_inner)
        update_common_adapter(model, outer_batch, optimizer_outer)
        if step % I == 0:
            dist.reduce(model.common_adapter.parameters(), dst=0, op=self.dist.ReduceOp.SUM)
            average(model.common_adpter.parameters())
            dist.broadcast(model.common_adapter.parameters(), src=0)
        step += 1
#
def get_peft_model(pretrained_model, target_modules, r)
    for module_name, _ in pretrained_model.named_modules():
        if module_name in target_modules:
             target_module= pretrained_model.get_submodule(module_name)
             create_and_replace(target_module, r)

def create_and_replace(target_module, r)
    if isinstance(target_module, Linear):
        target_module.initialize_common_adapter(r)
        target_module.initialize_client_adapter(r/2)
        target_module.set_trainable_params()
```

Table 7: Trainable parameters of RoBERTa-base/large.

| Method | # Trainable Parameters (base/large) |
|---|---|
| HOMLoRA ($r_k = 8$) | 0.30M/0.79M |
| Per-FedAvg-LoRA ($r_k = 8$) | 0.30M/0.79M |
| HETLoRAS ($r_{max} = 12, r_{min} = 8$) | 0.35M/0.94M |
| PF2LoRA ($r_k = 8, \tilde{r}_k = 2$) | 0.37M/0.99M |

### C.2 DeBERTa on Question Answering

We search for the optimal learning rate from the range of $\{1.0\times10^{-4}, 5.0\times10^{-4}, 1.0\times10^{-3}, 2.0\times10^{-3}, 5.0\times10^{-3}, 1.0\times10^{-2}\}$ for each algorithm on SQuAD v1 and v2 dataset. Refer to Table 9 for detailed learning rate settings. The rank initialization and the number of trainable parameters for different algorithms are presented in Table 10. For PF2LoRA, we initialize the rank of client-specific adapter $\tilde{r}_k = \frac{r_k}{2} = 4$, and we set the best value of $r_{min} = 6, r_{max} = 14$ for HETLoRA. In addition, HETLoRA uses the sparsity parameter $\gamma = 0.99$ and the penalty factor $\lambda = 5.0 \times 10^{-3}$ on both SQuAD v1 and v2 datasets.

Table 8: The summary of GLUE benchmark.

| Corpus | # Train | # Test | # Lable | Metrics |
|---|---|---|---|---|
| CoLA | 8.5k | 1k | 2 | Matthew's correlation |
| MNLI | 393k | 20k | 3 | Accuracy |
| SST-2 | 67k | 1.8k | 2 | Accuracy |
| QQP | 364k | 391k | 2 | Accuracy |
| QNLI | 108k | 5.7k | 2 | Accuracy |

Table 9: Learning rate choices for question-answering dataset SQuAD v1/v2.

| Method | SQuAD v1 | SQuAD v2 |
|---|---|---|
| Centralized LoRA | $1.0 \times 10^{-3}$ | $5.0 \times 10^{-4}$ |
| HOMLoRA | $1.0 \times 10^{-3}$ | $5.0 \times 10^{-4}$ |
| Per-FedAvg-LoRA | $2.0 \times 10^{-3}/1.0 \times 10^{-3}$ | $1.0 \times 10^{-3}/1.0 \times 10^{-3}$ |
| HETLoRA | $5.0 \times 10^{-3}$ | $5.0 \times 10^{-3}$ |
| PF2LoRA | $2.0 \times 10^{-3}/1.0 \times 10^{-2}$ | $1.0 \times 10^{-3}/1.0 \times 10^{-2}$ |

### C.3 GPT-2 on WebNLG and E2E NLG Challenges

The optimal learning rates for each algorithm on WebNLG and E2E NLG Challenges are turned from the range $\{1.0\times10^{-4}, 5.0\times10^{-4}, 1.0\times10^{-3}, 2.0\times10^{-3}, 3.0\times10^{-3}, 4.0\times10^{-3}, 5.0\times10^{-3}\}$, and the learning rate settings are summarized in Table 11. For the rank initialization, we follow LoRA paper (Hu et al., 2021) and choose a small rank $r_k = 4$ for Centralized LoRA, HOMLoRA, and Per-FedAvg-LoRA. We turn the the best parameters and set $r_{min} = 6, r_{max} = 12$ for HETLoRA. PF2LoRA uses the same $r_k = 4$ for the common adapter and $\tilde{r_k} = 2$ for the client-specific adapter. The detailed rank settings and the number of trainable parameters are shown in Table 13. HETLoRA sets the sparsity parameter $\gamma = 0.99$ and the penalty factor $\lambda = 5.0 \times 10^{-4}$ on both WebNLG and E2E NLG Challenge datasets.

## D Supplementary Experimental Results for Text Classification

This section provides experimental results about RoBERTa large model on GLUE benchmark. The comparison results with other baselines are shown in Table 14. We can observe that PF2LoRA achieves higher classification performance. For example, PF2LoRA outperforms HETLoRA by $3.88\%$, $22.24\%$, $2.99\%$, $13.89\%$ and $2.69\%$ on the five datasets, respectively.

## E Supplementary Experimental Results for E2E NLG Challenge

This section provides experimental results for E2E NLG dataset in Table 15. Compared to other federated baselines, our approach demonstrates the best performance on four metrics (BLEU, NIST, ROUGE-L, CIDEr) of five.

Table 10: Rank initialization and trainable parameters for DeBERTa v3.

| Method | Rank initialization | # Trainable parameters |
|---|---|---|
| Centralized LoRA | $r_k = 8$ | 0.30M |
| HOMLoRA | $r_k = 8$ | 0.30M |
| Per-FedAvg-LoRA | $r_k = 8$ | 0.30M |
| HETLoRA | $r_{min} = 6, r_{max} = 14$ | 0.30M |
| PF2LoRA | $r_k = 8, \tilde{r}_k = 4$ | 0.44M |

Table 11: Learning rate choices for GPT-2 medium on NLG dataset WebNLG and E2E NLG Challenge.

| Method | WebNLG | E2E NLG Challenge |
|---|---|---|
| Centralized LoRA | $1.0 \times 10^{-3}$ | $1.0 \times 10^{-3}$ |
| HOMLoRA | $1.0 \times 10^{-3}$ | $1.0 \times 10^{-3}$ |
| Per-FedAvg-LoRA | $2.0 \times 10^{-3}/1.0 \times 10^{-4}$ | $2.0 \times 10^{-3}/2.0 \times 10^{-3}$ |
| HETLoRA | $2.0 \times 10^{-3}$ | $2.0 \times 10^{-3}$ |
| PF2LoRA | $2.0 \times 10^{-3}/1.0 \times 10^{-3}$ | $3.0 \times 10^{-3}/5.0 \times 10^{-4}$ |

Table 12: Learning rate choices for GPT2-XL on NLG dataset WebNLG.

| Method | WebNLG |
|---|---|
| HOMLoRA | $1.0 \times 10^{-3}$ |
| Per-FedAvg-LoRA | $1.0 \times 10^{-3}/1.0 \times 10^{-4}$ |
| HETLoRA | $1.0 \times 10^{-3}$ |
| PF2LoRA | $1.0 \times 10^{-3}/1.0 \times 10^{-4}$ |

Table 13: Rank initialization and trainable parameters for GPT-2.

| Method | Rank initialization | # Trainable parameters |
|---|---|---|
| Centralized LoRA | $r_k = 4$ | 0.39M |
| HOMLoRA | $r_k = 4$ | 0.39M |
| Per-FedAvg-LoRA | $r_k = 4$ | 0.39M |
| HETLoRA | $r_{min} = 6, r_{max} = 12$ | 0.81M |
| PF2LoRA | $r_k = 4, \tilde{r}_k = 2$ | 0.59M |

# F MORE ABLATION STUDIES.

## F.1 THE IMPACT OF HETEROGENEITY LEVELS

Heterogeneity level is regarded as an important factor in federated learning. In this section, we explore the impact of various heterogeneity levels on the performance of algorithms. We run PF2LoRA and other baselines on text classification datasets SST-2 and QNLI with three different heterogeneity levels $s = 0.6, 0.9, 1.0$. The accuracy results are shown in Table 16. PF2LoRA performs consistently well on different heterogeneity levels, and HETLoRA follows. The performance of HOMLoRA and Per-FedAvg-LoRA decreases significantly as the heterogeneity level increases. Especially, PF2LoRA outperforms other baselines in a large margin in the case of very high heterogeneity, e.g., $4.35\%$ higher than HETLoRA and $13.87\%$ higher than HOMLoRA on SST-2 dataset.

Next, we further study the impact of relatively lower heterogeneity levels on the algorithms. We run PF2LoRA and other federated baselines on CoLA dataset in the heterogeneity levels of $s = 0.2$, $s = 0.3$ and $s = 0.4$, and the results of "Matthew's correlation" are summarized in Table 17. PF2LoRA outperforms all the baselines consistently in various heterogeneity levels. For example, PF2LoRA surpasses the best baseline HETLoRA by $4.36\%$, $0.8\%$ and $12.15\%$ in heterogeneity levels of $s = 0.2, s = 0.3, s = 0.4$ respectively. Therefore, our algorithm PF2LoRA demonstrates the high robustness to heterogeneity levels.

## F.2 PERFORMANCE WITH/WITHOUT BILEVEL OPTIMIZATION

We conduct an ablation study to verify the effect of bilevel optimization. Instead of applying bilevel optimization in equation 3, we update parameters in the common and client-specific adapters simultaneously.

$$\begin{aligned} &\min_{x, y_k} \frac{1}{M} \sum_{k=1}^{M} f_k(x, y_k), \\ &f_k(x, y_k) \coloneqq \mathbb{E}_{\xi \sim \mathcal{D}_k} F_k(x, y_k; \xi), \end{aligned} \tag{8}$$

Table 14: Roberta-large results on GLUE benchmark. We report "Matthew's correlation" for CoLA and "Accuracy" for MNLI, SST-2, QQP and QNLI. Higher value means "better performance".

| Method | CoLA | MNLI | SST-2 | QQP | QNLI |
|---|---|---|---|---|---|
| Centralized LoRA | 57.32 | 84.71 | 93.67 | 88.43 | 90.27 |
| HOMLoRA | 51.71 | 74.51 | 93.33 | 79.76 | 89.63 |
| Per-FedAvg-LoRA | 51.20 | 75.68 | 92.64 | 81.83 | 79.49 |
| HETLoRA | 54.15 | 76.38 | 94.53 | 82.55 | 92.31 |
| PF2LoRA | **56.25** | **93.37** | **97.36** | **94.02** | **94.79** |

Table 15: GPT-2 generation results on E2E dataset.

| method | BLEU ↑ | NIST ↑ | MET ↑ | ROUGE-L ↑ | CIDEr ↑ |
|---|---|---|---|---|---|
| Centralized LoRA | 0.6833 | 8.5321 | 0.4642 | 0.7046 | 2.4023 |
| HOMLoRA | 0.5585 | 7.0986 | **0.4349** | 0.6095 | 1.8327 |
| Per-FedAvg-LoRA | 0.5683 | 7.1190 | 0.4327 | 0.6109 | 1.8984 |
| HETLoRA | 0.5505 | 7.0088 | 0.4093 | 0.5697 | 1.7167 |
| PF2LoRA | **0.5717** | **7.1621** | 0.4321 | **0.6111** | **1.9088** |

where $\mathcal{D}_k$ is the data on client $k$. Specifically, we keep the optimizer settings mentioned in Section 5.1.1, where a SGD optimizer is applied to updating the client-specific adapter and an AdamW optimizer to the common adapter. The difference is that we do not use the hypergradient equation 4 to update the common adapter, instead update it by $x_k^{t+1} = x_k^t - \eta \nabla_x F_k(x_k^t, y_k^t; \xi_k^t)$. We execute our "two-level low rank adaptation" framework without bilevel optimization on text classification of GLUE benchmark. For fair comparison, we keep the same hyperparameter settings as that in Section 5.1.1, including heterogeneity level, learning rates, communication rounds, communication interval and initial rank dimension on the same dataset. The comparison results are shown in Figure 2, where we can see that the framework with bilevel optimization (BO) always performs better than that without BO, especially on harder classification task, such as CoLA dataset.

## G STABILITY ANALYSIS

Despite that HETLoRA is a strong baseline which performs usually well on heterogeneous data. However, we empirically observe that the training process of HETLoRA is not as stable as ours and Centralized LoRA in Figure 3, where the training loss and perplexity (ppl) are averaged across all the clients. A possible and reasonable explanation is that HETLoRA adopts dynamical rank pruning and matrices truncation which directly change the intrinsic structure of local adapters, leading to unstable training. On the one hand, pruning removes some columns or rows from the original weights, which can degrade the model performance and require some steps of fine-tuning to recover the performance (Han et al., 2015). On the other hand, each client is required to truncate the common adapter matrices to align the matrices' dimensions at each communication round, which inevitably loses some potentially important information. In contrast, our method circumvents the alignment issue of adapter matrices by assigning a uniform rank $r_k$ to the common adapter and uniform $\tilde{r}_k$ to all the client-specific adapters.

Table 16: Results in different heterogeneity levels. We use "Accuracy" to measure the performance here, and higher value means "better performance".

| Methods | SST-2 | | | QNLI | | |
|---|---|---|---|---|---|---|
| | s=0.6 | s=0.9 | s=1.0 | s=0.6 | s=0.9 | s=1.0 |
| HOMLoRA | 92.66 | 92.47 | 83.49 | 86.62 | 85.45 | 67.32 |
| Per-FedAvg-LoRA | 90.80 | 90.56 | 85.29 | 85.32 | 78.59 | 50.48 |
| HETLoRA | 93.74 | 93.67 | 91.11 | 89.28 | 91.86 | 89.09 |
| PF2LoRA | **94.12** | **95.85** | **95.07** | **92.87** | **94.18** | **93.64** |

Table 17: Matthew's correlation on CoLA in different heterogeneity levels. Higher value means "better performance".

| Methods | CoLA | | |
|---|---|---|---|
| | s=0.2 | s=0.3 | s=0.4 |
| HOMLoRA | 52.91 | 50.75 | 43.17 |
| Per-FedAvg-LoRA | 53.48 | 51.11 | 44.44 |
| HETLoRA | 53.86 | 53.76 | 45.03 |
| PF2LoRA | **56.20** | **54.19** | **50.50** |

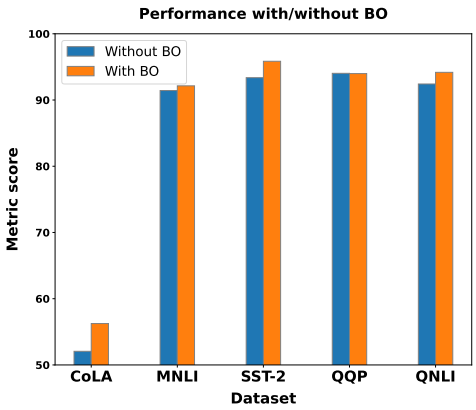
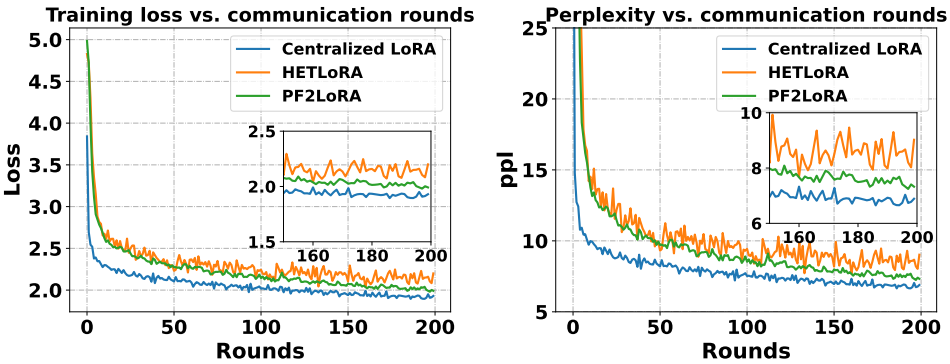



Figure 2: Performance comparison with/without bilevel optimization (BO). We report "Matthew's correlation" for CoLA and "Accuracy" for MNLI, SST-2, QQP and QNLI. Higher score means "better performance"




(a) The averaged loss.

(b) The averaged perplexity.

Figure 3: The averaged training loss and perplexity on natural language generation task of WebNLG.

# H Generated Result of NLU

## H.1 Generated Examples for E2E NLG Challenge

Table 18 and 19 show the generated examples of algorithm HETLoRA and PF2LoRA. The federated fine-tuning experiments are run across 8 clients on E2E NLG Challenges, where we construct the heterogeneous data by the "name" of restaurants, thus each client has different meta-information from different restaurants. There are 18 restaurants in the test set distributed in 8 clients. We show the generated examples based given context information on each client, while multiple references are provided to evaluate the quality of generated contents. We compare the generated contents

from HETLoRA and PF2LoRA. In most cases, PF2LoRA can generate more complete and logically coherent sentences. For example, the generated contents on client 4 and client 7, HETLoRA misses some important information (highlighted in green). The examples on client 1, 2, 3 and 4, PF2LoRA produces more grammatically coherent sentences than HELoRA.

Table 18: The generated examples for E2E NLG Challenges

| | |
|---|---|
| | Client 0 |
| Context | name : blue spice — type : pub — food : english — area : riverside — family friendly : yes — near : rainbow vegetarian café |
| References | in riverside , near the rainbow vegetarian café , you can find a family friendly pub called blue spice .<br>if you like english food there is a family - friendly pub called blue spice near the rainbow vegetarian café in riverside .<br>the blue spice is a child - friendly , english pub located in riverside area , near rainbow vegetarian café .<br>blue spice is located near rainbow vegetarian café in the riverside area and is a kid friendly pub that serves english food .<br>there is a pub called blue spice which serves english food , is kid friendly , and is in riverside near rainbow vegetarian café .<br>blue spice is a child - friendly pub near rainbow vegetarian café in the riverside area .<br>blue spice near rainbow vegetarian café in riverside is a pub serving english meals and child friendly<br>the blue spice is a pub . it is located near rainbow vegetarian café in the area of riverside . this is a family friendly pub<br>serving english food .<br>an english serving child friendly pub in riverside is blue spice near rainbow vegetarian café<br>there is a pub that provides food and is children friendly , near rainbow vegetarian café and the riverside and is called blue spice .<br>situated near the rainbow vegetarian café in the riverside area of the city , the blue spice pub , is ideal if you fancy traditional english food whilst out with the kids . |
| HETLoRA | blue spice is a pub near rainbow vegetarian café in the riverside area . it is family friendly and serves english food . |
| PF2LoRA | blue spice is a family friendly pub that serves english food . it is located in the riverside area near the rainbow vegetarian café . |
| | Client 1 |
| Context | name : the cricketers — type : coffee shop — customer rating : low — family friendly : no — near : ranch |
| References | the cricketers is a coffee shop with a low customer rating , located near ranch . it is not family - friendly . |
| HETLoRA | city centre coffee shop , the cricketers , is not family - friendly and has a low customer rating . it is located near ranch . |
| PF2LoRA | north of ranch , there is a coffee shop called the cricketers . it is not family - friendly and has a low customer rating . |
| | Client 2 |
| Context | name : the mill — type : restaurant — food : english — price : moderate — customer rating : 3 out of 5 — area : riverside — family friendly : yes — near : café rouge |
| References | the riverside area has restaurant near the café rouge that is both in the moderate price range and kid friendly called the mill . it has a 3 out of 5 customer rating and serves english food .<br>the riverside area near café rouge has a restaurant that is kids - friendly . it has a price range in the mill . i give the food a 3 out of 5 .<br>the mill is a kids friendly restaurant that has moderate prices and serves english food . it has a 3 out of 5 customer rating and is located in the riverside area near the café rouge . |
| HETLoRA | the mill is a moderately priced english restaurant near café rouge in the riverside area . it is kid friendly and has a customer rating of 3 out of 5 . |
| PF2LoRA | the mill is a moderately priced restaurant in the riverside area near café rouge . it serves english food and is kid friendly . it has a customer rating of 3 out of 5 . |
| | Client 3 |
| Context | name : the phoenix — type : pub — food : french — price : £ 20 - 25 — customer rating : high — area : riverside — family friendly : no — near : crowne plaza hotel |
| References | a pub that is not kid friendly is located in the riverside area near crowne plaza hotel . it is named the phoenix , has french food and price range of £ 20 - £ 30 and a high customer rating .<br>the phoenix , which is a pub that is not kid friendly , is near crowne plaza hotel and serves french food in the price range of £ 20 - 25 in the riverside area . it has a high customer rating . |
| HETLoRA | the phoenix is a pub near the crowne plaza hotel in the riverside area . it has a high customer rating and a price range of £ 20 - 25 . it is not kid friendly . |
| PF2LoRA | the phoenix is a pub in the riverside area near the crowne plaza hotel . it serves french food with a price range of £ 20 - 25 and has a high customer rating . it is not kid friendly . |

Table 19: The generated examples for E2E NLG Challenges (continued).

| | |
|---|---|
| | Client 4 |
| Context | name : the punter — type : restaurant — food : italian — price : cheap — customer rating : average — area : riverside — family friendly : no — near : rainbow vegetarian café |
| References | hello and welcome to the punter , we serve the finest italian food around and have an average customer rating this is very good for a restaurant we are near rainbow vegetarian café and our area is the riverside our price range is very cheap for such good food at the moment we are not family - friendly .<br>a restaurant serving italian food for adults can be found on the riverside near rainbow vegetarian café . the punter has average ratings , and cheap prices |
| HETLoRA | the italian restaurant the punter is located in the riverside area near rainbow vegetarian café . it is not family - friendly and has an average customer rating . |
| PF2LoRA | the punter is a cheap italian restaurant near the rainbow vegetarian café in the riverside area . it has an average customer rating and is not family - friendly . |
| | Client 5 |
| Context | name : the vaults — type : pub — food : japanese — price : less than £ 20 — customer rating : average — area : city centre — family friendly : no — near : raja indian cuisine |
| References | no , the vaults is fast food with pub on side raja indian cuisine in the city centre with price less than £ 20 average<br>the vaults pub that is less than 20 pounds and has an average customer rating and is family - friendly . they serve japanese food near the center of the city and also near the raja indian cuisine . |
| | the vaults is japanese with pub on side raja indian cuisine in the city centre with average no less than £ 20 |
| HETLoRA | the vaults is a pub that serves japanese food . it is located in the city centre near raja indian cuisine . it is not family - friendly and has a price range of less than £ 20 . it has an average customer rating . |
| PF2LoRA | the vaults is a japanese pub located in the city centre near raja indian cuisine . it has an average customer rating and a price range of less than £ 20 . it is not family - friendly . |
| | Client 6 |
| Context | name : the waterman — type : pub — food : italian — price : high — area : riverside — family friendly : yes — near : raja indian cuisine |
| References | the waterman is a high price range italian pub in the riverside area near raja indian cuisine . it is children friendly .<br>near raja indian cuisine , the waterman pub has high prices and facilities for the family .<br>the pub the waterman is an expensive family friendly establishment located near raja indian cuisine .<br>located near raja indian cuisine in the riverside area , the waterman is a high priced children friendly pub serving italian food .<br>conveniently located on the riverside , close to raja indian cuisine , the waterman is an elite , but family friendly established pub . |
| HETLoRA | the waterman is a high priced italian pub near raja indian cuisine in the riverside area . it is children friendly . |
| PF2LoRA | the waterman is an italian pub located in the riverside area near raja indian cuisine . it is children friendly and has a high price range . |
| | Client 7 |
| Context | name : name : wildwood — type : pub — food : indian — area : city centre — family friendly : yes — near : raja indian cuisine |
| References | located near the city centre and raja indian cuisine the wildwood is a family friendly indian pub .<br>wildwood is in the city centre area near raja indian cuisine . it is a pub that serves indian food and is family friendly .<br>wildwood also offers indian food to go along with the family friendly pub located near raja indian cuisine |
| HETLoRA | aji indian cuisine pub in the city centre near raja indian cuisine is kid friendly and serves indian food . |
| PF2LoRA | a pub near raja indian cuisine in the city centre called wildwood serves indian food and is kid friendly . |

### H.2 GENERATED EXAMPLES FOR WEBNLG

For WebNLG dataset, we construct the heterogeneity data by the topics [‘Airport’, ‘Astronaut’, ‘Building’, ‘City’, ‘ComicsCharacter’, ‘Food’, ‘Monument’, ‘SportsTeam’, ‘University’, ‘WrittenWork’]. These topics are distributed across 8 clients. Thus, the language style varies with the text topics. We run the personalized federated fine-tuning across 8 clients and report the generated examples for given test context. The comparison results show that PF2LoRA can generate more complete and high quality sentences than HETLoRA. For example on client 0 and 1, HETLoRA misses key words “runwayname”, “test pilot”, which actually are important information. On client 2 and 5, HETLoRA generates incorrect information, while PF2LoRA produces accurate sentences.

Table 20: The generated examples for WebNLG.

| | |
|---|---|
| | Client 0 (Airport) |
| Context | al_asad_airbase : operatingorganisation : united_states_air_force — al_asad_airbase : runwaylength : 3992 . 88 — al_asad_airbase : location : ” al anbar province , iraq ” — al_asad_airbase : icao_location_identifier : ” oraa ” — al_asad_airbase : runwayname : ” 08 / 26 ” |
| References | al asad air base has a runway name of 08 / 26 which is 3992 . 8 in length . it is situated in the al anbar province of iraq , is operated by the united states air force and has the icao location identifier oraa .<br>the united states airport operates the al asad airbase which is located in the al anbar province , iraq . the icao location identifer of al asad airbase is oraa and the length is 3992 . 88m and the runway is known as 08 / 26 . |
| HETLoRA | ! the united states air force is the operating organisation for al asad airbase which is located in al anbar province , iraq . the airbase has a runway length of 3992 . 88 and the icao location identifier is oraa . |
| PF2LoRA | the united states air force is the operating organisation for al asad airbase in al anbar province , iraq . the icao location identifier of al asad airbase is oraa and it has a runway length of 3992 . 88 . the runway name of the airbase is 08 / 26 . |
| | Client 1 (Astronaut) |
| Context | alan_shepard : status : ” deceased ” — alan_shepard : almamater : ” nwc , m . a . 1957 ” — alan_shepard : deathplace : california — alan_shepard : occupation : test_pilot — alan_shepard : birthplace : new_hampshire — alan_shepard : was selected by nasa : 1959 — alan_shepard : birthdate : ” 1923 - 11 - 18 ” |
| References | alan shepard has died in california . he was born on 18 november 1923 in new hampshire and attended school at nwc , graduating in 1957 with an ma . he became a test pilot and was eventually selected by nasa in 1959 .<br>alan shepard was born in new hampshire on november 18th , 1923 . he graduated from nwc in 1957 with an m . a . he was selected by nasa in 1959 and he was a test pilot . he died in california .<br>alan shepard , born on november 18 , 1923 , graduated from nwc in 1957 with an m . a . alan shepard served as a test pilot , and was selected by nasa in 1959 . alan shepard , born in new hampshire , died in california , . |
| HETLoRA | alan shepard was born on november 18th , 1923 in new hampshire . he graduated from nwc in 1957 with an m . a . and was selected by nasa in 1959 . he died in california . |
| PF2LoRA | alan shepard was born in new hampshire on november 18th , 1923 . he graduated from nwc with a m . a . in 1957 . he was selected by nasa in 1959 and served as a test pilot . alan shepard died in california . |
| | Client 2 (Building) |
| Context | adisham_hall : country : sri_lanka — sri_lanka : capital : sri_jayawardenepura_kotte — sri_lanka : currency : sri_lankan_rupee |
| References | sri jayawardenepura kotte is the capital of sri lanka , which uses the sri lankan rupee as its currency and is the location of adisham hall .<br>sri jayawardenepura kotte is the capital of sri lanka , whose currency is the rupee . adisham hall is located in sri lanka . |
| HETLoRA | college adisham hall is located in the country of sri lanka , where the capital is sri jayawardenepura kotte and the currency is the sri lankan rupee . |
| PF2LoRA | alan adisham hall is located in sri lanka , the capital of which is sri jayawardenepura kotte . the currency of sri lanka is the sri lankan rupee . |
| | Client 3 (File) |
| Context | big_hero_6_ ( film ) : starring : ryan_potter — big_hero_6_ ( film ) : distributor : walt_disney_studios_motion_pictures — baymax : series : big_hero_6_ ( film ) |
| References | the movie big hero 6 stars ryan potter which has baymax as one of its characters , was distributed by walt disney studios motion pictures .<br>baymax is a character in the big hero 6 film starring ryan potter and distributed by walt disney studios motion pictures .<br>walt disney studio motion picture distributed the film big hero 6 , in which ryan potter starred and baymax is a character . |
| HETLoRA | ! baymax is a character in the film big hero 6 which stars ryan potter . the film was distributed by walt disney studios motion pictures . |
| PF2LoRA | walt disney studios motion pictures is the distributor of big hero 6 , a film in which baymax is a character . the film stars ryan potter . |

Table 21: The generated examples for WebNLG (continued).

| | |
|---|---|
| | Client 4 (Food) |
| Context | bacon_sandwich : dishvariation : blt — bacon_sandwich : mainingredients : " bread and bacon , with a condiment , often ketchup or brown sauce " — bacon_sandwich : country : united_kingdom — bacon_sandwich : ingredient : ketchup — bacon_sandwich : alternativename : " bacon butty , bacon sarnie , rasher sandwich , bacon sanger , piece ' n bacon , bacon cob , bacon barm , bacon muffin " |
| References | the bacon sandwich , also known as : bacon butty , bacon sarnie , rasher sandwich , bacon sanger , piece n ' bacon , bacon cob , bacon barm , blt and bacon muffin , is from the united kingdom . it includes bread , bacon and ketchup or brown sauce .<br>the variant blt bacon sandwich includes : bread , bacon , and ketchup or brown sauce . it originates from the united kingdom and goes by the various names : bacon butty , bacon sarnie , rasher sandwich , bacon sanger , piece n ' bacon , bacon barm , bacon cob and bacon muffin . |
| HETLoRA | the bacon sandwich is a variation of the blt . the main ingredients are bread and bacon , with a condiment , often ketchup or brown sauce . it is also known as a bacon butty , bacon sarnie , rasher sandwich , bacon sanger , piece ' n bacon , bacon cob , bacon barm , bacon muffin . |
| PF2LoRA | the bacon sandwich is a variation of the blt and is a dish from the united kingdom . the main ingredients of a bacon sandwich are bread and bacon with ketchup or brown sauce as a condiment . the bacon sandwich can also be known as a bacon butty , bacon sarnie , rasher sandwich , bacon sanger , piece ' n bacon , bacon cob , bacon barm , or bacon muffin . |
| | Client 5 (SportsTeam) |
| Context | a . f . c . _blackpool : manager : stuart_parker_ ( footballer ) — stuart_parker_ ( footballer ) : club : chesterfield_f . c . — stuart_parker_ ( footballer ) : club : stockport_county_f . c . — a . f . c . _blackpool : ground : blackpool — blackpool : leader : labour_party_ ( uk ) |
| References | a . f . c . blackpool is in blackpool , which council is labour , it has had stuart parker as their manager , whose football club was stockport county f . c and is attached to chesterfield football club .<br>alan shepard , born on november 18 , 1923 , graduated from nwc in 1957 with an m . a . alan shepard served as a test pilot , and was selected by nasa in 1959 . alan shepard , born in new hampshire , died in california , . |
| HETLoRA | ! stuart parker ( footballer ) is the manager of a . f . c . blackpool who play in blackpool , where the leader is the labour party ( uk ) and the ground is called blackpool . |
| PF2LoRA | ! a . f . c . blackpool is in blackpool , where the leader is the labour party ( uk ) . the club is managed by stuart parker ( footballer ) who played for chesterfield fc and stockport county f . c . |
| | Client 6 (University) |
| Context | romania : ethnicgroup : germans_of_romania — romania : leadertitle : prime_minister_of_romania — alba_iulia : country : romania — romania : leadername : klaus_iohannis — romania : capital : bucharest — 1_decembrie_1918_university : city : alba_iulia — romania : anthem : deșteaptă - te , _române ! |
| References | the 1 decembrie 1918 university is in the city alba iulia in romania . klaus iohannis the leader of romania and they also have a prime minister . the germans of romania are the main ethnic group in romania and the capital is bucharest . the romania anthem is deșteaptă - te , române ! |
| HETLoRA | ! the 1 decembrie 1918 university is located in alba iulia , romania . the country ' s leader is prime minister klaus iohannis and its capital is bucharest . the anthem of the country is deșteaptă - te , române ! |
| PF2LoRA | the 1 decembrie 1918 university is located in alba iulia , romania . romania ' s capital is bucharest and its leader is prime minister klaus iohannis . the national anthem of romania is deșteaptă - te , române ! and its ethnic group is the germans of romania . |
| | Client 7 (WrittenWork) |
| Context | administrative_science_quarterly : publisher : cornell_university — cornell_university : affiliation : association_of_public_and_land - grant_universities — cornell_university : affiliation : association_of_american_universities — cornell_university : president : elizabeth_garrett — cornell_university : city : ithaca , _new_york |
| References | administrative science quarterly was published by cornell university , located in ithaca , new york , and affiliated with the association of public and land grant universities , as well as with the association of american universities . president of cornell university is elizabeth garrett . |
| HETLoRA | ! the administrative science quarterly is published by cornell university , which is affiliated with the association of public and land grant universities and the association of american universities . it is located in ithaca , new york . the president of cornell university is elizabeth garrett . |
| PF2LoRA | the administrative science quarterly is published by cornell university , ithaca , new york . the university is affiliated with the association of public and land grant universities and the association of american universities . the president of the university is elizabeth garrett . |

# I PROOF OF THEOREM 6.2

## I.1 BASIC LEMMAS

The hypergradient estimation is defined as $\nabla\widehat{\Phi}(x;y^{t+1}) = \nabla_x f(x,y^{t+1}) - \alpha\nabla_{xy}f(x,y^t)\nabla_y f(x,y^{t+1})$.

**Lemma I.1** (gradient descent for strongly convex and smooth functions)**.** *when $\alpha \le \frac{1}{L_{f,1}}$, for lower level each step we have*

$$\|y^{t+1} - y^*(x^t)\| \le (1-\alpha\mu)^{\frac{1}{2}}\|y^t - y^*(x^t)\|. \tag{9}$$

*Proof.* Note that

$$\begin{aligned}
&\|y^{t+1} - y^*(x^t)\|^2 = \|y^t - \alpha\nabla_y f(x^t,y^t) - y^*(x^t)\|^2 \qquad (10)\\
&= \|y^t - y^*(x^t)\|^2 - 2\alpha\langle\nabla_y f(x^t,y^t), y^t - y^*(x^t)\rangle + \alpha^2\|\nabla_y f(x^t,y^t)\|^2\\
&\overset{(i)}{\le} (1-\alpha\mu)\|y^t - y^*(x^t)\|^2 - 2\alpha(f(x,y^t) - \inf_y f(x^t,y)) + \alpha^2\|\nabla f_y(x^t,y^t)\|^2\\
&\overset{(ii)}{\le} (1-\alpha\mu)\|y^t - y^*(x^t)\|^2 - 2\alpha(f(x^t,y^t) - \inf_y f(x^t,y)) + 2\alpha^2 L_{f,1}(f(x^t,y^t)) - \inf_y f(x^t,y))\\
&= (1-\alpha\mu)\|y^t - y^*(x^t)\|^2 - 2\alpha(1-\alpha L_{f,1})(f(x^t,y^t) - \inf_y f(x^t,y))\\
&\overset{(iii)}{\le} (1-\alpha\mu)\|y^t - y^*(x^t)\|^2 \qquad (11)
\end{aligned}$$

where $(i)$ is because of the $\mu$-strongly convexity, $(ii)$ is because of $L_{g,1}$-smooth of the function, $(iii)$ is because of $2\alpha(1-\alpha L_{f,1})(f(x^t,y^t) - \inf_y f(x^t,y)) \ge 0$. □

**Lemma I.2** (true hypergradient)**.** *The hypergradient $\nabla\Phi(x)$ equals to $\nabla_x f(x,y^*(x))$.*

*Proof.* By the implicit function theorem (Ghadimi & Wang, 2018), we have

$$\nabla\Phi(x) = \nabla_x f(x,y^*(x)) - \nabla_{xy}f(x,y^*(x))[\nabla_{yy}f(x,y^*(x))]^{-1}\nabla_y f(x,y^*(x)) \overset{(i)}{=} \nabla_x f(x,y^*(x))$$

where $(i)$ holds due to $\nabla_y f(x,y^*(x)) = 0$. □

**Lemma I.3** (Lipschitz property (Ghadimi & Wang, 2018))**.** *$y^*(x)$ is $\frac{L_{f,1}}{\mu}$-Lipschitz continuous.*

**Lemma I.4** (Lipschitz hypergradient)**.** *$\Phi(x)$ is $L_\Phi$-smooth and $L_\Phi = L_{f,1} + \frac{L_{f,1}^2}{\mu}$.*

*Proof.* By definition of hypergradient in Lemma I.2 and Assumption 6.1, we have

$$\begin{aligned}
&\|\nabla\Phi(x_1) - \nabla\Phi(x_2)\| = \|\nabla_x f(x_1,y^*(x_1) - \nabla_x f(x_2,y^*(x_2)\|\\
&\le L_{f,1}\|x_1 - x_2\| + L_{f,1}\|y^*(x_1) - y^*(x_2)\|\\
&\overset{(i)}{\le} L_{f,1}\|x_1 - x_2\| + \frac{L_{f,1}^2}{\mu}\|x_1 - x_2\| = L_\Phi\|x_1 - x_2\|, \qquad (12)
\end{aligned}$$

where $(i)$ comes from Lemma I.3. □

## I.2 PROOF

**Lemma I.5** (Hypergradient bias)**.** *Hypergradient estimation $\nabla\widehat{\Phi}(x;y^{t+1})$ satisfy:*

$$\|\nabla\widehat{\Phi}(x^t;y^{t+1}) - \nabla\Phi(x^t)\| \le L_{f,1}(\alpha L_{f,1}+1)(1-\alpha\mu)^{\frac{1}{2}}\|y^t - y^*(x^t)\|$$

*Proof.* Note that

$$\begin{aligned}
&\nabla\widehat{\Phi}(x^t;y^{t+1}) - \nabla\Phi(x^t)\\
&= \nabla_x f(x^t,y^{t+1}) - \alpha\nabla_{xy}f(x^t,y^t)\nabla_y f(x^t,y^{t+1}) - \nabla_x f(x^t,y^*(x^t))\\
&\overset{(i)}{=} \nabla_x f(x^t,y^{t+1}) - \nabla_x f(x^t,y^*(x^t)) - \alpha\nabla_{xy}f(x^t,y^t)(\nabla_y f(x^t,y^{t+1}) - \nabla_y f(x^t,y^*(x^t)))
\end{aligned} \tag{13}$$

where $(i)$ holds due to $\nabla_y f(x^t,y^*(x^t)) = 0$. Then we obtain that

$$\begin{aligned}
&\|\nabla\widehat{\Phi}(x^t;y^{t+1}) - \nabla\Phi(x^t)\|\\
&\overset{(i)}{\leq} (L_{f,1} + \alpha L_{f,1}^2)\|y^{t+1} - y^*(x^t)\|\\
&\overset{(ii)}{\leq} (L_{f,1} + \alpha L_{f,1}^2)(1-\alpha\mu)^{\frac{1}{2}}\|y^t - y^*(x^t)\| && (14)\\
&= A\|y^t - y^*(x^t)\| && (15)
\end{aligned}$$

where $A = (L_{f,1} + \alpha L_{f,1}^2)(1-\alpha\mu)^{\frac{1}{2}}$, $(i)$ holds because $\nabla_x f$ and $\nabla_y f$ are $L_{f,1}$ Lipschitz with $x, y$, and $(ii)$ holds due to Lemma I.1. □

**Lemma I.6** (Hypergradient descent)**.** *Define* $A = (L_{f,1} + \alpha L_{f,1}^2)(1-\alpha\mu)^{\frac{1}{2}}$*, we have*

$$\frac{1}{T}\sum_{t=0}^{T-1}(\frac{1}{2} - \eta L_\Phi)\|\nabla\Phi(x^t)\|^2 \leq \frac{\Phi(x_0) - \inf\Phi(x)}{\eta T} + \frac{1}{T}(\frac{1}{2} + \eta L_\Phi)A^2\sum_{k=0}^{T-1}\|y^t - y^*(x^t)\|^2 \tag{16}$$

*Proof.* The proof is very similar to the proof of Theorem 1 in Ji et al. (2021). The $L_\Phi$-smoothness of $\Phi(x)$ implies that

$$\Phi(x^{t+1}) - \Phi(x^t) \leq \langle\nabla\Phi(x^t), x^{t+1} - x^t\rangle + \frac{L_\Phi}{2}\|x^{t+1} - x^t\|^2 \tag{17}$$

Define $h^t = \nabla\widehat{\Phi}(x^t;y^{t+1}) = \nabla_x f(x^t,y^{t+1}) - \alpha\nabla_{xy}f(x^t,y^t)\nabla_y f(x^t,y^{t+1})$. We have

$$\begin{aligned}
\Phi(x^{t+1}) \leq& \Phi(x^t) - \eta\langle\nabla\Phi(x^t), h^t\rangle + \frac{L_\Phi\eta^2}{2}\|h^t\|\\
&\leq \Phi(x^t) - \eta(\frac{1}{2} - \frac{\eta L_\Phi}{2})\|h^t\|^2 + \frac{\eta^2 L_\Phi}{2}\|h^t - \nabla\Phi(x^t)\|^2\\
&\leq \Phi(x^t) - (\frac{\eta}{2} - \eta^2 L_\Phi)\|\nabla\Phi(x^t)\|^2 + (\frac{\eta}{2} + \eta^2 L_\Phi)\|h^t - \nabla\Phi(x^t)\|^2 && (18)
\end{aligned}$$

Do telescoping and use Lemma I.5 we get

$$\frac{1}{T}\sum_{t=0}^{T-1}(\frac{1}{2} - \eta L_\Phi)\|\nabla\Phi(x^t)\|^2 \overset{\text{Lemma } I.5}{\leq} \frac{\Phi(x_0) - \inf\Phi(x)}{\eta T} + \frac{1}{T}(\frac{1}{2} + \eta L_\Phi)A^2\sum_{k=0}^{T-1}\|y^t - y^*(x^t)\|^2 \tag{19}$$

□

**Lemma I.7** (Lower Level Convergence)**.** $\|y^{t+1} - y^*(x^{t+1})\|^2 \leq C\|y^t - y^*(x^t)\|^2 + D\|\nabla\Phi(x^t)\|^2$*, where* $C = 1 - \alpha^2\mu^2 + 2(1 + \frac{1}{\alpha\mu})\frac{L_{f,1}^2}{\mu^2}\eta^2 A^2$*,* $D = 2(1 + \frac{1}{\alpha\mu})\eta^2\frac{L_{f,1}^2}{\mu^2}$*.*

*Proof.* Note that

$$\begin{aligned}
&\|y^{t+1} - y^*(x^{t+1})\|^2\\
&\overset{(i)}{\leq} (1+\alpha\mu)\|y^{t+1} - y^*(x^t)\|^2 + (1 + \frac{1}{\alpha\mu})\|y^*(x^{t+1}) - y^*(x^t)\|^2\\
&\overset{(ii)}{\leq} (1+\alpha\mu)(1-\alpha\mu)\|y^t - y^*(x^t)\|^2 + (1 + \frac{1}{\alpha\mu})\frac{L_{f,1}^2}{\mu^2}\|x^{t+1} - x^t\|^2\\
&\leq (1+\alpha\mu)(1-\alpha\mu)\|y^t - y^*(x^t)\|^2 + (1 + \frac{1}{\alpha\mu})\frac{2L_{f,1}^2}{\mu^2}\eta^2(\|h^t - \nabla\Phi(x^t)\|^2 + \|\nabla\Phi(x^t)\|^2)\\
&= C\|y^t - y^*(x^t)\|^2 + D\|\nabla\Phi(x^t)\|^2, && (20)
\end{aligned}$$

where $(i)$ uses the Young's inequality, $(ii)$ is due to Lemma I.1 and the Lipschitzness of the mapping $y^*(x)$, $C = 1 - \alpha^2\mu^2 + 2(1+\frac{1}{\alpha\mu})L_y^2\eta^2A^2$; $D = 2(1+\frac{1}{\alpha\mu})\eta^2\frac{L_{f,1}^2}{\mu^2}$. □

*Proof of Theorem 6.2.* Substituting Lemma I.7 to Lemma I.6 yields

$$\begin{aligned}&\frac{1}{T}\sum_{t=0}^{T-1}\left[\frac{1}{2}-\eta L_\Phi-(\frac{1}{2}+\eta L_\Phi)A^2D\right]\|\nabla\Phi(x^t)\|^2\\&\leq\frac{\Phi(x^0)-\inf\Phi(x)}{\eta T}+\frac{1}{T}(\frac{1}{2}+\eta L_\Phi)A^2\frac{\|y^0-y^*(x^0)\|^2}{1-C},\end{aligned}\tag{21}$$

where $A = (L_{f,1}+\alpha L_{f,1}^2)(1-\alpha\mu)^{\frac{1}{2}}$, $C = 1-\alpha^2\mu^2+2(1+\frac{1}{\alpha\mu})\frac{L_{f,1}^2}{\mu^2}\eta^2A^2$; $D = 2(1+\frac{1}{\alpha\mu})\eta^2\frac{L_{f,1}^2}{\mu^2}$. We want to carefully choose the parameter $\alpha, \eta$ s.t. $C < 1$, $\alpha \leq \frac{1}{L_{f,1}}$ and $\frac{1}{2} - \eta L_\Phi - (\frac{1}{2}+\eta L_\Phi)A^2D > 0$. For example, we can choose $\alpha = \frac{1}{4L_{f,1}}, \eta = \min\left(\frac{\mu^2}{5L_{f,1}^3\sqrt{(\frac{4L_{f,1}}{\mu}-\frac{\mu}{4L_{f,1}})}}, \frac{1}{8L_\Phi}, \sqrt{\frac{1}{16N}}, \sqrt[3]{\frac{1}{81NL_\Phi}}\right)$, and $N = \frac{25L_{f,1}^4(\frac{4L_{f,1}}{\mu}+1)}{16\mu^2}$.

□

# J An Example on Multivariate Linear Regression

To clarify this mechanism of "this automatic rank adaptation of PF2LoRA", we first construct a multivariate linear regression example and provide a theoretical analysis to demonstrate why our method can accurately learn the ground truth rank, whereas HETLoRA fails. Then we conduct a synthetical experiment to compare two algorithms in federated learning with two clients. The experimental results confirm that our algorithm is able to learn the ground truth ranks for two clients and converge to the optimal solution. In contrast, HETLoRA underestimates the initial rank of some clients due to random rank initialization strategy, resulting in underfitting and suboptimal performance in such clients.

## J.1 Theoretical Analysis

**Lemma J.1.** *(Reinsel & Velu, 1998) Theorem 2.2[RRR solution] Suppose the $(m+n)$-dimensional random vector $(Y_k, X_k)$ has mean vector $0$ and covariance matrix with:*

$$\Sigma_{yx} = \Sigma_{xy} = Cov(Y_k, X_k) \quad \text{and} \quad \Sigma_{xx} = Cov(X_k) \quad \text{nonsingular.}$$

*Then, for any positive-definite matrix $\Sigma$, an $m \times r$ matrix $A$ and $r \times n$ matrix $B$, for $r \leq \min(m,n)$, which minimize*

$$tr\{\mathbb{E}[\Sigma^{1/2}(Y_k - X_kAB)(Y_k - X_kAB)^\top\Sigma^{1/2}]\}$$

*are given by:*

$$A^{(r)} = \Sigma^{-1/2}[V_1,\ldots,V_r] = \Sigma^{-1/2}V, \quad B^{(r)} = V^\top\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}$$

*where $V = [V_1,\ldots,V_r]$ and $V_j$ is the (normalized) eigenvector that corresponds to the $j$-th largest eigenvalue $\lambda_j^2$ of the matrix:*

$$\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}\Sigma_{xy}\Sigma^{1/2}, \quad j = 1,2,\ldots,r.$$

From solution formula we directly get minimum truncated error

$$\min_{A,B:rank(AB)\leq r}\|W-AB\|_F^2 = \sqrt{\sum_{i=r+1}^{n}\lambda_i} \quad \forall W, rank(W)\geq r$$

### J.1.1 LOW-RANK APPROXIMATION

Specifically in HETLora setting, given the rank initialization of the $k-$client: $r_k^{init}$, the objective function is:

$$\min_{A\in\mathbb{R}^{m\times r_k^{init}},B\in\mathbb{R}^{r_k^{init}\times n}} tr[(Y_k - X_kAB)(Y_k - X_kAB)^T].$$

In our setting, we initialize the rank of the common adapter to $r$, and the local adapter to $\tilde{r}$, the objective function is,

$$\min_{A\in\mathbb{R}^{m\times r},B\in\mathbb{R}^{r\times n},C_k\in\mathbb{R}^{m\times\tilde{r}},D_k\in\mathbb{R}^{\tilde{r}\times n}} tr[(Y_k - X_k(AB + C_kD_k))(Y_k - X_k(AB + C_kD_k)^T]. \quad (22)$$

note $C_kD_k$, is a local adapter. we mark

$$W_k = P_kQ_k = AB + C_kD_k$$

note that $rank(P_kQ_k) \in [r - \tilde{r}, r + \tilde{r}]$. Generally we cannot say the problem (22) and

$$\min_{P_k\in\mathbb{R}^{m\times r+\tilde{r}} \quad Q_1\in\mathbb{R}^{r+\tilde{r}\times n}} tr[(Y_k - X_kP_kQ_k)(Y_k - X_kP_kQ_k)]^T,$$

are equivalent since the former one is subset of the latter problem. However, under some certain dataset setting, the two problems are equivalence. We defer the equivalence proof to Lemma J.1.2.

Suppose we have two clients, the optimal solution in HETLoRA is

$$\text{Client 1} \quad A_1^{r_1^{init}} = \Sigma^{-1/2}[V_1,\dots,V_{r_{init}}] = \Sigma^{-1/2}V, \quad B_1^{r_1^{init}} = V^\top\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}$$

$$\text{Client 2} \quad A_2^{r_2^{init}} = \Sigma^{-1/2}[V_1,\dots,V_{r_{init}}] = \Sigma^{-1/2}V, \quad B_2^{r_2^{init}} = V^\top\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}$$

In our setting, the optimal solution is

$$\text{Client 1} \quad P_1^{r+\tilde{r_1}} = \Sigma^{-1/2}[V_1,\dots,V_{r+\tilde{r_1}}] = \Sigma^{-1/2}V, \quad Q_1^{r+\tilde{r_1}} = V^\top\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}$$

$$\text{Client 2} \quad P_2^{r+\tilde{r_2}} = \Sigma^{-1/2}[V_1,\dots,V_{r+\tilde{r_2}}] = \Sigma^{-1/2}V, \quad Q_1^{r+\tilde{r_1}} = V^\top\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}$$

Suppose for Client 1 data, $\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}\Sigma_{xy}\Sigma^{1/2}$ has eigenvector $\lambda_1 = \lambda_2 = \lambda_3 = 1$; $\lambda_4 = \cdots = \lambda_n = 0$, obviously the low rank approximation is $r_1^* = 3$. For Client 2 data, $\Sigma^{1/2}\Sigma_{yx}\Sigma_{xx}^{-1}\Sigma_{xy}\Sigma^{1/2}$ has eigenvector $\lambda_1 = \cdots = \lambda_5 = 1$; $\lambda_6 = \cdots = \lambda_n = 0$, the low rank approximation is $r_2^* = 5$.

In our synthetic experiments J.2, HETLoRA underestimates the rank for client 1, i.e., $r_1^{init} = 2 < r_1^* = 3$ due to the random rank initialization, and the learned rank $r_1 = 1$ by self-pruning; Client 2 initializes a reasonable $r_2^{init} = 10$, and the learned rank $r_2 = 5 = r_2^*$. Thus client 1 fails to learn the optimal low rank approximation because

$$\min_{A,B:rank(AB)\le r_1^{init}} \|W - AB\|_F^2 = \sqrt{\sum_{i=r+1}^{n}\lambda_i} = 1.$$

Our PF2LoRA initializes $r = 4$ for the common adapter ($AB$), and $\tilde{r} = 2$ ($C_kD_k$) for the local adapter, which means $r - \tilde{r} = 2 \le rank(AB + C_kD_k) \le r + \tilde{r} = 6$, and learned rank for client 1 is $r_1 = 3$. The learned rank for client 2 is $r_2 = 5$. Both succeeded to learn the optimal low rank approximation.

$$\min_{A,B,C_k,D_k:r-\tilde{r}\le rank(W_k)\le r+\tilde{r}} \|W - W_k\|_F^2 = \sqrt{\sum_{i=r+\tilde{r}}^{n}\lambda_i} = 0.$$

### J.1.2 PROBLEM EQUIVALENCE

Next we prove two problems to be equivalent:

$$\min_{A\in\mathbb{R}^{m\times r} \quad B\in\mathbb{R}^{r\times n} \quad C_k\in\mathbb{R}^{m\times\tilde{r}} \quad D_k\in\mathbb{R}^{\tilde{r}\times n}} tr[(Y_k - X_k(AB + C_kD_k))(Y_k - X_k(AB + C_kD_k)^T]$$

and

$$\min_{W_k\in\mathbb{R}^{m\times n}} tr[(Y_k - X_kW_k)(Y_k - X_kW_k)^T], \quad r - \tilde{r} \le rank(W_k) \le r + \tilde{r}$$

**Lemma J.2.** *The rank of the sum of $AB$ and $CD$ satisfies:*

$$r(AB + CD) = r(AB) + r(CD)$$

*if and only if*

$$dim(\mathcal{C}_1 \cap \mathcal{C}_2) = dim(\mathcal{R}_1 \cap \mathcal{R}_2) = 0.$$

*where $\mathcal{C}_1$ and $\mathcal{C}_2$ be the column spaces of $AB$ and $CD$, and $\mathcal{R}_1$ and $\mathcal{R}_2$ be their row spaces.*

*Proof.* To simplify the notation in proof, we mark $c = \dim(\mathcal{C}_1 \cap \mathcal{C}_2)$, $d = \dim(\mathcal{R}_1 \cap \mathcal{R}_2)$; $E = AB$, $F = CD$. First, the condition $c = d = 0$ is necessary, as two strings of inequalities show:

$$r(E + F) \leq r[(E, F)] = r(E) + r(F) - c \leq r(E) + r(F),$$
$$r(E + F) \leq r[(E; F)] = r(E) + r(F) - d \leq r(E) + r(F).$$

To show $c = d = 0$ is sufficient, we use full-rank decompositions of $E$ and $F$:

$$E = C_1 R_1, \quad r(A) = r(C_1) = r(R_1) = a,$$

where $E$ is $m \times n$, $C_1$ is $m \times a$, and $R_1$ is $a \times n$.

$$F = C_2 R_2, \quad r(F) = r(C_2) = r(R_2) = b,$$

where $F$ is $m \times n$, $C_2$ is $m \times b$, and $R_2$ is $b \times n$.

Such representations exist since $R_1$ can be any matrix whose rows form a basis of the row space of $A$. Then $A = C_1 R_1$ for some $C_1$, and:

$$r(E) = r(C_1) = \min\big(\text{rank}(C_1), \text{rank}(R_1)\big) \leq a = r(E).$$

We now write:

$$E + F = C_1 R_1 + C_2 R_2 = (C_1, C_2) \begin{pmatrix} R_1 \\ R_2 \end{pmatrix} = CR,$$

Then $c = 0$ implies that all the $a + b$ columns of $C$ are linearly independent, and so $C$ has a left inverse $L$ such that $LC = I$. Thus, when $c = 0$,

$$r(E + F) = r(CR) \geq r(LCR) = r(R) = r(E) + r(F) - d.$$

If in addition $d = 0$, the entire string collapses, and:

$$r(E + F) = r(E) + r(F).$$

□

In the following synthetic experiment setting we make global $AB$ in orthogonal row and vector space of $C_1 D_1$, $C_2 D_2$, according to above lemma we directly get

$$r(W_1) = r(AB + C_1 D_1) = r(AB) + r(C_1 D_1) = r + \tilde{r}$$

and

$$r(W_2) = r(AB + C_2 D_2) = r(AB) + r(C_2 D_2) = r + \tilde{r}$$

So under our synthetic experiment setting, our problem is equivalent to reduced-rank regression problem, which provides a theoretical guarantee.

### J.2 Synthetic Experiment

We conduct a synthetic experiment of multivariate linear regression in federated learning to show why HETLoRA fails to learn the ground truth rank, but PF2LoRA does. First, we give the objective function,

$$\min_{A,B} \sum_{k=1}^{2} \|X_k W - Y_k\|_F^2$$

where $(X_k, Y_k)$ is the client-$k$'s data, $W$ is a low-rank matrix and can be decomposed into low-rank matrices. The details of synthetic experiments are described as follows,

1. Ground truth of trainable parameters. Given two clients, we assume that we have two optimal solution with low-rank structure.

$$W_1^* = A_1^* B_1^*,\ s.t., W_1^* \in \mathbb{R}^{10\times 10}, A_1^* \in \mathbb{R}^{10\times 3}, B_1^* \in \mathbb{R}^{3\times 10},$$

$$W_2^* = A_2^* B_2^*,\ s.t., W_2^* \in \mathbb{R}^{10\times 10}, A_2^* \in \mathbb{R}^{10\times 4}, B_2^* \in \mathbb{R}^{4\times 10},$$

with the rank $rank(W_1^*) = 3$, $rank(W_2^*) = 4$. We initialize the random matrices $A_1^*, B_1^*, A_2^*, B_2^* \sim \mathcal{N}(0,1)$.

2. Training and testing data. We construct the synthetic data $(X, Y)$ for two clients respectively by randomly generating 1000 samples, i,e., $X_1 \in \mathcal{R}^{1000\times 10}, s.t., X_1 \sim \mathcal{N}(0,1)$, $X_2 \in \mathcal{R}^{1000\times 10}, s.t., X_2 \sim \mathcal{N}(0,1)$, and their targets,

$$Y_1 = X_1 W_1^* + \epsilon_1,\ \epsilon_1 \sim \mathcal{N}(0, 0.1),$$
$$Y_2 = X_2 W_2^* + \epsilon_2,\ \epsilon_2 \sim \mathcal{N}(0, 0.2).$$

The first 700 samples serve as the training set $\mathcal{D}_k^{tr}, k = 1, 2$ and the remaining serves as the testing set $\mathcal{D}_k^{te}, k = 1, 2$.

3. Training process.

   (a) HETLoRA: Following its rank initialization strategy $r_{min} \leq rank_1 \leq rank_2 ... \leq rank_k ... \leq r_{max}$, we assume that $r_{min} = 1, r_{max} = 12$ and initialize $\hat{W}_k = \hat{A}_k \hat{B}_k$ by,

$$\hat{A}_1 \in \mathbb{R}^{10\times 2}, \hat{B}_1 \in \mathbf{0}^{2\times 10},\ s.t.\ \hat{A}_1 \sim \mathcal{N}(0,1),$$
$$\hat{A}_2 \in \mathbb{R}^{10\times 10}, \hat{B}_2 \in \mathbf{0}^{10\times 10},\ s.t.\ \hat{A}_2 \sim \mathcal{N}(0,1)$$

   so we have $rank(\hat{A}_1) = 2$ and $rank(\hat{A}_2) = 10$. We can easily get that the total number of trainable parameters for two clients is $240$. Other hyperparameters are set as follows. We search the regularization factor $\gamma$ in the range $[0.05, 0.5\}$ with the search grid $0.05$ and set it to the optimal value $0.1$. The pruning parameter $\gamma = 0.3$, which is responsible for imposing the regularization to the last $30\%$ columns to sparse them. We tune the learning rate within the range $\{0.001, 0.002, 0.003, 0.004, 0.005\}$ and set it to the optimal value $0.002$. The total training steps are 2000, and the communication is performed every 10 steps, which means we train the parameters for 10 steps locally, and then execute the parameter aggregation and distribution.

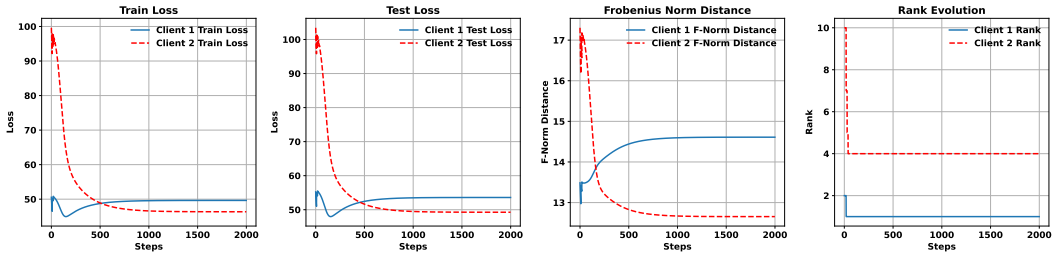
   (b) PF2LoRA: For a fair comparison, we initialize the trainable parameters $\hat{W}_k = \hat{A}_k \hat{B}_k + \hat{C}_k \hat{D}_k$, and make sure the total number of trainable parameters to be the same as that in HETLoRA. For client $k = 1, 2$, we have $r = 4, \tilde{r} = 2$ and,

$$\hat{A}_k \in \mathbb{R}^{10\times 4}, \hat{B}_k \in \mathbb{R}^{4\times 10}, \hat{C}_k \in \mathbb{R}^{10\times 2}, \hat{D}_k \in \mathbb{R}^{2\times 10},$$
$$s.t.\ \hat{A}_k \sim \mathcal{N}(0,1), \hat{C}_k \sim \mathcal{N}(0,1), \hat{C}_k \sim \mathcal{N}(0,1), \hat{D}_k \sim \mathcal{N}(0,1).$$

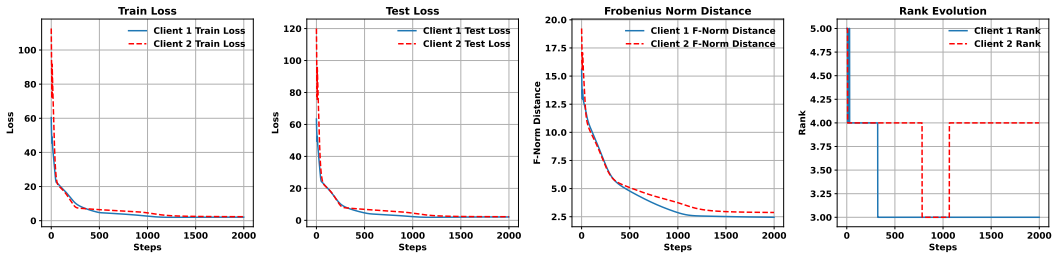
   and $A_k B_k$ is orthogonal to the matrix $C_k D_k$, such that their column space or row space are independent mutually. The total number of training steps are fixed as 2000, and the communication interval is 10. We search the best upper-level and lower-level learning rates within the range $[0.001, 0.01]$ with the search grid of $0.001$, and set the best upper-level learning rate to $0.005$ and the lower-level learning rate to $0.002$. In each communication round, we aggregate the common adapter parameters $A_k, B_k$ and then distribute them, and the local adapter parameters $C_k, D_k$ are not involved in communication.

4. Evaluation. We evaluate the trained model every communication round on the testing data $\mathcal{D}_k^{te}$, and measure the distance between $\hat{W}_k$ and $W_k^*$ by $\|\hat{W}_k - W_k^*\|_F^2$. In addition, we record the rank evolution of two clients as the training steps. For PF2LoRA, We compute the singular value $\{\lambda_i | i = 1, ..., 10\}$ of $\hat{W}_k$ by singular value decomposition (SVD) and determine its rank: $\min_{1\leq j\leq 10} \sum_{i=1}^{j} \lambda_i \geq 0.9 \sum_{i=1}^{10} \lambda_i$, where $\lambda_i$ keeps descending order. All the comparison results, including training, testing loss, frobenius norm distance and rank evolution are shown in Figure 4.

As you can see in the last column of Figure 2 (b), PF2LoRA can learn the ground truth rank of 3 in client 1 and 4 in client 2, which verifies that our algorithm can automatically learn the rank in the range $[r - \tilde{r}, r + \tilde{r}]$. The training and testing loss decrease rapidly and converge to small values close to 0. The distance to the ground truth parameters also decreases consistently to a small value. Instead, HETLoRA fails to learn the ground truth rank in the first client. Specifically, the first client underestimates the initial rank due to the random initialization strategy, such that it cannot cover the ground truth rank. Rank pruning further reduces the first client's rank to $r_{min} = 1$, leading to increasing the training, testing loss and Frobenius norm distance. Since the second client has reasonable rank initialization, it is able to learn the ground truth rank by rank pruning.




(a) HETLoRA fails to converge to the ground truth.




(b) PF2LoRA can converge to the ground truth.

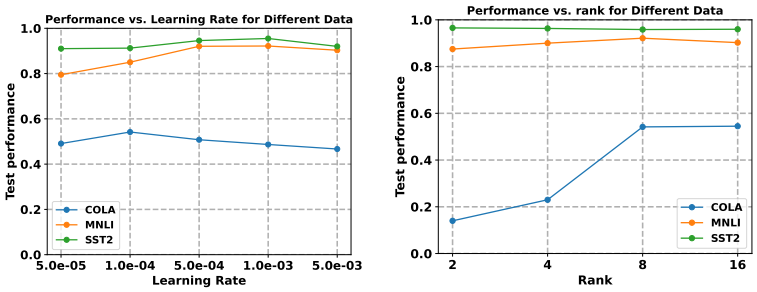
Figure 4: Comparison of two algorithms. Left to right: the training loss on two clients, the testing loss on two clients, Frobenius norm distance $\|W_k - W_k^*\|_F$, $k = 1, 2$, and the rank evolution of two clients.

## K Sensitivity Analysis of Hyperparameter

We run our algorithm PF2LoRA on GLUE benchmarks using a hyperparameter sweep, and the results are presented in Figure 5. In our setting, we require the local adapter to be light-weight, so the rank of local adapters is always small, i.e., $\tilde{r} = 2$. We perform a hyperparameter sweep on the local learning rate $\alpha$ and the rank of the common adapter, respectively. As you see in subfigure 2(a), our algorithm is pretty robust to the learning rate $\alpha$. Since COLA dataset is more challenging than others, a larger rank is helpful to improve the model performance, but the performance keeps almost the same when the rank is larger than 8. Our algorithm also exhibits high robustness on data MNLI and SST-2.

## L Computation and Communication Cost

We evaluated the total computational costs (FLOPs on 8 NVIDIA RTX A6000 GPUs) and communication costs in a single communication round for each algorithm on GLUE benchmark. The results are summarized in Table 22. From our understanding, communication costs are the total number of parameters that participate in the aggregation and distribution of parameters in federated learning. The computational cost (FLOPs) per round are determined by the number of model parameters and the forward/backward propagation operations. As PF2LoRA requires to compute the hessian-vector product for hypergradient estimation, it incurs a higher computational cost. But the communication




(a) PF2LoRA performance vs. learning rate $\alpha$.

(b) PF2LoRA performance vs. rank $r$.

Figure 5: Sensitivity analysis of hyperparameters.

cost of PF2LoRA remains consistent with that of HOMLoRA and Centralized LoR, as the communication parameters in PF2LoRA are only global adapters that have the same rank $r_k = 8$ with that in HOMLoRA and Centralized LoRA. Instead, HETLoRA has a higher parameter rank requirement for a high performance, resulting in increased communication costs.

Table 22: Computational/Communication costs per communication round.

| Method | TFLOPs/round | Communication parameters/round |
|---|---|---|
| Centralized LoRA ($r_k = 8$) | 258.40 | 0.30M |
| HOMLoRA ($r_k = 8$) | 258.40 | 0.30M |
| Per-FedAvg-LoRA ($r_k = 8$) | 908.00 | 0.30M |
| HETLoRA ($r_{max} = 12, r_{min} = 8$) | 272.60 | 0.35M |
| PF2LoRA ($r_k = 8, \tilde{r} = 2$) | 1202.40 | 0.30M |