Factored DRO: Factored Distributionally Robust Policies for Contextual Bandits

Anonymous Author(s)
Affiliation
Address
email

Abstract

While there has been extensive work on learning from offline data for contextual multi-armed bandit settings, existing methods typically assume there is no environment shift: that the learned policy will operate in the same environmental process as that of data collection. However, this assumption may overly limit the use of these methods for many practical situations where there may be distribution shifts. In this work we propose Factored Distributionally Robust Optimization (Factored-DRO), which is able to separately handle distribution shifts in the context distribution and shifts in the reward generating process. Prior work that either ignores potential shifts in the context, or considers them jointly, can lead to performance that is too conservative, especially under certain forms of reward feedback. Our Factored-DRO objective mitigates this by considering the shifts separately, and our proposed estimators are consistent and converge asymptotically. We also introduce a practical algorithm and demonstrate promising empirical results in environments based on real-world datasets, such as voting outcomes and scene classification.

1 Introduction

In many real-world applications we often have access to historical data about past decisions and their associated outcomes. This data can be leveraged for *off-policy learning* to optimize for a decision making rule, called a policy, that is more effective for the given application than that used for data collection. Off-policy learning from historical data for contextual multi-armed bandit settings has been well studied, due in part to the myriad potential applications from personalized recommendation [Strehl et al., 2010] to optimizing medical treatment [Kim et al., 2011]. Prior methods often focus on the stationary setting, where the learned policy will be deployed in a setting with the same underlying data generation process that produces the observed contexts, and rewards upon intervention [Precup, 2000, Liu et al., 2018, Kallus and Uehara, 2020a,b, Liu et al., 2020]. However, in many settings, this assumption is not true and the distributions may shift.

As a motivating example, consider the problem of increasing political participation during elections using various interventions to encourage voting. In the past, different strategies have been implemented, ranging from reminding people of their own voting history, to reminding them of the voting history of their neighborhood, etc. [Gerber et al., 2008]. Leveraging this historical data, an important question is: *what strategy should be used during the next election to maximize political participation*? Addressing this question requires careful consideration of two potential sources of distribution shift: **(a)** How much has the population demographic in the area changed since the past data was collected? (e.g. the percentage of single person households may have changed due to industrial developments). and **(b)** How much has the effectiveness of each strategy on each demographic group changed? (e.g. as technology develops, the effectiveness of mail-based interventions may change). Such challenges are ubiquitous in real-world problems. For example, in automated healthcare, data from patients

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of one locality may be used to develop treatments for other localities where the effectiveness of treatments may differ [Finlayson et al., 2021]. Similarly, online recommendation systems need to account for both the changing interests and the demographic shifts of its user base [Koh et al., 2021]. Developing a general procedure for addressing these challenges can provide a reliable solution for such applications with high stakes in terms of societal behavior, public health, and monetary assets.

Without considering potential shifts, there is a high risk of using suboptimal strategies, however it is often difficult to predict exactly the shifts that will occur. Distributionally robust optimization formulations such as ours attempt to address this uncertainty over potential shifts by learning policies that attain good performance on all potential distributions within a user-defined set of distributions to be considered (denoted the *uncertainty set*). Prior methods [Si et al., 2020, Mo et al., 2021, Kallus et al., 2022] that aim to provide robustness against distribution shifts do not separate the different sources of shifts, and consider them in a joint formulation. These methods may be disadvantageous as they lack the flexibility to separate the sources. Consequently, some of these methods may produce degenerate results under binary reward feedback, an issue theoretically proven to occur in the DRO literature in supervised learning [Hu et al., 2018]. Due to this, methods that better use structure to mitigate this issue have been an active area of research in the supervised learning DRO literature [Sagawa et al., 2019, Duchi et al., 2019]. We leverage this insight that better usage of structure is important, as well as the insight that it is common to have expert opinion about the amount of distribution shift that may occur between the two sources, to obtain better results.

In this work we address such challenges under the framework of contextual bandits. We propose our Factored Distributionally Robust Optimization (FDRO) algorithm that uses past data to search for a policy that has the best worst-case performance, when the *context* (e.g., population demographic) or/and the *reward model* (e.g., influence of strategies on voting behavior) can be different from the ones during data collection. Towards this goal, we make three primary contributions:

I. A factored distributionally robust optimization formulation for contextual bandits that provides end-users the flexibility to *separately* specify different amounts of potential shifts in the two main sources of uncertainty: the context distribution and the reward distribution. Our factored formulation can overcome some failure cases of non-factored prior methods Si et al. [2020].

II. We establish theoretically that the proposed estimators provide asymptotically consistent evaluation of any policy's worst-case performance under distribution shifts. Additionally, the estimators provide asymptotic convergence to a policy with the best worst-case performance.

III. Building on the theoretical insights, we develop a practical algorithm, FDRO, that uses approximations based on moment generating functions. We show that FDRO provides promising empirical results on several domains based on real-world challenges.

2 Related Works

Both off-policy learning for bandits and reinforcement learning, as well as distributionally robust optimization (DRO) for supervised learning and stochastic optimization have rich histories of research. To briefly summarize, methods for off-policy evaluation/learning predominantly assume that the deployment environment for the learned policy will be the same as the environment the historical data was collected in [Precup, 2000, Jiang and Li, 2016, Thomas and Brunskill, 2016a,b, Gelada and Bellemare, 2019, Liu et al., 2018, Imani et al., 2018, Yang et al., 2020, Jiang and Huang, 2020, Kallus and Uehara, 2020a,b, Liu et al., 2020]. In contrast, DRO methods for tackling distributional shifts have predominantly focused on settings like supervised learning and do not consider decision making aspects present in (contextual) bandits [Bertsimas and Sim, 2004, Hu and Hong, 2013, Namkoong and Duchi, 2016, Shapiro, 2017, Duchi et al., 2016, Duchi and Namkoong, 2018, Hashimoto et al., 2018, Duchi et al., 2019, Sagawa et al., 2019, Oren et al., 2019, Michel et al., 2022].

In addition to the prior work already previously mentioned in Section 1, there have been a few recent papers investigating DRO for use in bandits and reinforcement learning. Some works use DRO to account for the mismatch between the true distributions (of the context and rewards) and the observed empirical distributions [Swaminathan and Joachims, 2015a,b, Faury et al., 2020, Sakhi et al., 2020]. These methods account for the potential errors of finite-data estimation, and, under infinite data, they converge to the best training distribution policy. However we are concerned with the setting when the test distribution may be different, and the best training-distribution policy may not be optimal.

There has also been other work that consider settings when different forms of information are available a priori. For example, knowledge about the distribution of covariates during evaluation [Kato et al., 2020], bounds on the ratio of train-eval covariate distribution [Hatt et al., 2021, Giguere et al., 2021], bounds on train-eval performance differences [Chandak et al., 2021], causal directed acyclic graph [Subbaswamy et al., 2019, Singh et al., 2021], or when there is data through time that can be used to model potential non-stationarity [Thomas et al., 2017, Chandak et al., 2020, Xie et al., 2020, Qin and Russo, 2021]. While relevant, they look at complementary problems.

3 Preliminaries

In this work, we consider the batch setting where the goals is to learn from an existing dataset $\mathcal{D}$. We consider a setting with discrete actions, where $\mathcal{A}$ denotes the set of k discrete actions, A. Let $\mathcal{X} \subset \mathbb{R}^d$ denote the set of contexts, X. A policy π denotes a mapping from a context X to a distribution over $\mathcal{A}$ from which an action A can be sampled. For a given context X and action A we observe a stochastic reward R. We assume we the dataset, $\mathcal{D}$ consists of n independently collected datapoints , each a (context, action, reward) triplet: $\mathcal{D} = \{X_i, A_i, R_i\}_{i=1}^n$. For this dataset, we assume the actions are selected with some data collection policy π_0 where $A_i \sim \pi_0(\cdot|X_i)$. We assume there is an underlying context distribution P_{x_0}, and for each context-action pair there is an underlying reward distribution $P_{r_0|X,A}$. We additionally assume the observed contexts, X_i are independent and identially distributed (i.i.d.) draws from P_{x_0}, and the observed rewards are i.i.d. draws from $P_{r_0|X_i,A_i}$.

In this work we consider using $\mathcal{D}$ to learn a policy π that will achieve the highest worst-case-reward when the deployment environment may be shifted from the one of data collection. Given a fixed policy, notice that there are two ways the environment can shift and change the distribution of data we observe. First the context distribution can shift so the inputs we see are different. Second the reward generation model can shift, changing the reward distribution of each (context, action) pair. We assume the exact shift is not known, so we would like to learn a policy that would do well on all environments within a user specified set of distributions of the context distribution P_x and reward distributions $P_{R|X,A}$. Formally, given $\mathcal{D}$ we aim to find the policy that optimizes the following distributionally robust objective:

$$\pi^*_{ddro} \in \underset{\pi \in \Pi}{\operatorname{argmax}} \inf_{P_x \in \mathbb{P}_{x_0}} \mathbb{E}_{P_x}\left[\mathbb{E}_\pi\left[\inf_{P_r \in \mathbb{P}_{r_0|X,A}} \mathbb{E}_{P_r}[R]\right]\right] \tag{1}$$

In (1), the uncertainty sets $\mathbb{P}_{r_0|X,A}$ and $\mathbb{P}_{x_0}$ describes the set of possible distributions P_r and P_x, and the optimization set $\mathbb{P}_{r_0|X,A}$ is conditioned on random variables $X \sim P_x$ and $A \sim \pi(\cdot|X)$. We term our objective *Factored-DRO* as we have two layers of distributionally robust optimization, first over reward shifts $P_{R|X,A}$, and another over context shifts P_x.

For theoretical analysis, we make the following assumptions common in prior literature [Si et al., 2020, Swaminathan and Joachims, 2015a, Kallus and Uehara, 2020a].

Assumption 1. *Assumptions on π_0 and the reward distribution*

(i) Unconfoundedness: The rewards are independent with A conditioned on X: $(R_{X,A_1}, R_{X,A_2} ...) \perp\!\!\!\perp A|X$

(ii) Bounded reward support: $0 \leq R \leq R_M$ *for all rewards for a finite* R_M

(iii) Coverage/Sufficient exploration: $\pi_0(A|X) \geq \epsilon_\pi$ *for all* $(X, A) \in \mathcal{X} \times \mathcal{A}$ *for some* $\epsilon_\pi > 0$

(iv) Positive density of rewards: Let $f_{0,R|X,A}$ *be the pdf (continuous case) or* $p_{R|X,A}$ *be the pmf (discrete case) of the reward distribution* $P_{R|X,A}$*. Then assume* $f_{0,R|X,A} \geq \epsilon_r$ *(continous) or* $p_{R|X,A} \geq \epsilon_r$ *(discrete) on the support of of R for all* $(X, A) \in \mathcal{X} \times \mathcal{A}$ *for some* $\epsilon_r > 0$.

We make an additional assumption, which we do not require in our practical algorithm (Section 5):

Assumption 2. *Discrete contexts with sufficient mass: The context set $\mathcal{X}$ is a finite discrete set and the probability mass of each context is lower bounded with* $P_{x_0}(x = X) \geq \epsilon_X$ *for some* $\epsilon_X > 0$

Note about model misspecification: Context shifts are an issue when we have model misspecification and cannot model the best action for each context. In these cases, the learned model encodes the biases of the population distribution. Model misspecification can occur when the model is

under-specified, for example, to reduce variance (bias-variance tradeoff), for interpretability, or due to unobserved variables. Misspecification also occurs when the model is over-specified, where it may overfit to irrelevant features(ex. neural networks [Sagawa et al., 2019]). The real world is often complex and difficult to model correctly, so throughout this work we assume the misspecified setting.

Prior Work with Joint Shifts: Recently Si et al. [2020] proposed an algorithm for solving a DRO formulation for contextual bandits that does not separate the context and reward shift. They consider the optimization problem: $\pi^* = \text{argmax}_\pi \inf_{P \in \mathbb{P}_{P_0}} \mathbb{E}_P[R]$, where P encapsulates the joint distribution of contexts and rewards and $\mathbb{P}_{P_0} = \{P : D_{kl}(P||P_0) \leq \delta\}$.

Degenerate Outcomes with binary rewards under the joint objective: Unfortunately, the joint formulation has a key limitation in the common setting of binary reward outcomes (ex, clicked or not-clicked[Chu et al., 2011], voted or did-not-votedGerber et al. [2008], etc). In supervised learning (SL), similar DRO formulations have been theoretically proven to fail with certain loss functions. Hu et al. [2018] prove that when features are continous, and 0-1 classification loss is used, the DRO objective is equivalent to the standard, non-robust optimization of the loss function on the training distribution. Intuitively, DRO can be seen as changing the weights of the datapoints based on the incurred loss, and increasing the radius parameters increases the weights on datapoints with larger incurred losses. However, under 0-1 loss, DRO upweights all missclassified examples equally, which does not change the decision boundary. Consequently, in SL, methods that can mitigate this issue by using structure, such as Duchi et al. [2019] or Sagawa et al. [2019], have been proposed. The same issue holds in the binary reward case for the joint formulation and we observe this issue empirically (see Section 6).[1] Intuitively, the lower reward points for each context action pair are all upweighted equally so the learned policy is equivalent to that optimized for the training distribution. Our method which trades-off need to set an additional hyperparameter with better structure usage to separate out the shifts mitigates this issue.

4 Factored DRO for Policy Evaluation and Learning

In our work, we consider uncertainty sets defined on the KL radius from the data collection distributions. Due to the joint decomposition, we require the user to specify two KL-radius hyperparameters, δ_c and δ_x, for rewards and contexts respectively as opposed to a single hyperparameter required in prior work. The uncertainty sets defined in Equation 1 are defined as $\mathbb{P}_{r_0|X,A} = P_r : D_{kl}(P_r, P_{r_0|X,A}) < \delta_c$ and $\mathbb{P}_{x_0} = P_x : D_{kl}(P_x, P_{x_0}) < \delta_x$.

We can decompose our DRO objective from Equation 1 into two steps, first a policy evaluation step which given a policy evaluates the worst case reward policy reward. Notice the policy evaluation step itself can be separated into two steps: a step considering the potential reward generation shift ($Q(\pi, X, A)$) and a step over potential context shift to arrive at the desired value ($V(\pi)$):

$$V(\pi) = \inf_{P_x \in \mathbb{P}_{x_0}} \mathbb{E}_{P_x} \left[\mathbb{E}_\pi \left[Q_{X,A} \right] \right] \quad \text{where} \quad Q_{X,A} = \inf_{P_r \in \mathbb{P}_{r_0|X,A}} \mathbb{E}_{R \sim P_r}[R] \tag{2}$$

Second, we have a policy optimization step over the worst case policy rewards:

$$\pi^*_{DDRO} = \underset{\pi}{\text{argmax}} \; V(\pi) \tag{3}$$

In this section, we present our estimators for policy evaluation and learning and asymptotic convergence guarantees. We give proof sketches of lemmas and theorems throughout and the full proofs for those not given in the text can be found in the appendix.

4.1 Policy Evaluation: We start by discussing the policy evaluation step. Equation 2 as written is a difficult constrained optimization over probability distribution space. Fortunately, we can use strong duality to derive an equivalent simpler unconstrained convex optimization over a single scalar:

Theorem 1 (Strong Duality)**.** *The optimization problem in equation 2 is equivalent to solving:*

$$V(\pi) = \min_{\alpha_x} \left\{ \alpha_x \log \mathbb{E}_{X \sim P_x} \left[\exp\left(\frac{\mathbb{E}_\pi \left[-Q_{X,A} \right]}{\alpha_x} \right) + \alpha_x \delta_x \right\} \right], \tag{4}$$

$$\textit{where } Q_{X,A} = -\min_{\alpha_c} \left\{ \alpha_c \log \mathbb{E}_{C \sim P_{c_0|X,A}} \left[\exp\left(\frac{-R}{\alpha_c} \right) \right] + \alpha_c \delta_c \right\}. \tag{5}$$

[1] Note, Si et al. [2020] show good results in an environment (voting) which originally had binary rewards, but they transform the environment rewards to non-binary by shifting all rewards by a different offset per action.

Proof Sketch This is shown utilizing Theorem 1 of Hu and Hong [2013].

We will use this easier to optimize dual form to derive estimators for policy evaluation. We will first consider the potential shift of the reward distribution of each (context, action) pair and calculate an estimate of $Q_{X,A}$ of Equation 5. We will then use these values to perform the second DRO layer over context shifts to estimate $V(\pi)$ (Equation 4).

4.1.1 First DRO, Reward Shift: For theoretical analysis, we consider the setting when the context and action sets are both finite and discrete (Assumptions 1.2 and 2). Therefore we have a finite number of unique (X, A) pairs, each which occurs with a non-zero probability. For a given (X, A) pair, let $\mathcal{R}_{X,A}$ correspond to the set of the observed reward R_i every time (X, A) is observed in $\mathcal{D}$: $\mathcal{R}_{X,A} = \{R_i : (X_i, A_i, R_i) \in \mathcal{D} \text{ if } X_i = X, A_i = A\}$. Additionally, let $m_{xa} = |\mathcal{R}_{X,A}|$ denote the number of datapoints in each (X, A) bin and let δ_c denote the user specified KL-radius of the ambiguity set.[2] For every unique (X, A) we propose the following estimator for worst case context-action reward for $Q_{X,A}$ in equation 5:

$$\hat{Q}_{X,A} = -\min_{\alpha_c} \left\{ \alpha_c \log \left(\frac{1}{m_{xa}} \sum_{R_j \in \mathcal{R}_{X,A}} \left[\exp\left(\frac{-R}{\alpha_c} \right) \right] \right) + \alpha_c \delta_c \right\} \tag{6}$$

Using Theorem 1 of Si et al. [2020], we can show the above estimator converges with $O_p(1/\sqrt{n})$:

Lemma 1 (Convergence of Reward Shift Estimates)**.** *Suppose Assumption 1 is enforced, then:*

$$\sqrt{n}(\hat{Q}_{X,A} - Q_{X,A}) \xrightarrow{d} \mathcal{N}(0, \sigma^2(\alpha_c^*)) \;\; \textit{if } \alpha_c^* > 0 \quad \textit{and} \quad \sqrt{n}(\hat{Q}_{X,A} - Q_{X,A}) \xrightarrow{p} 0 \;\; \textit{if } \alpha_c^* = 0,$$

where $\sigma^2(\alpha_c) = \frac{\alpha_c^2}{\mathbb{E}[exp(-R/\alpha_c)]^2} \mathbb{E}[(exp(-R/\alpha_c) - \mathbb{E}[exp(-R/\alpha_c)])^2]$ *and* α_c^* *is the value of* α_c *that achieves the min for equation 6*

Note that the objective inside the minimization in equation 6 is convex in α_c for $\alpha_c > 0$, therefore many optimization methods (ex. gradient descent, bisection search) are able to achieve the global optimum when $\alpha_c \neq 0$. We give the gradients and a proof of convexity in the appendix. The $\hat{Q}_{X,A}$'s do not depend on the π we are trying to evaluate, therefore they only need to be computed once and can be used throughout the rest of the policy evaluation and optimization procedure.

4.1.2 Second DRO, Context Shift: Let δ_x denote the user-specified KL-radius for context distribution shift, then with the computed $\hat{Q}_{X,A}$ for each (X, A) pair, we can complete the policy evaluation estimation and estimate $V(\pi)$ from equation 2.

$$\hat{V}(\pi) = \min_{\alpha_x} \left\{ \alpha_x \log \sum_i \frac{1}{n} \exp\left(\frac{\sum_{a \in \mathcal{A}} \pi(a|X_i) \hat{Q}_{X_i,a}}{\alpha_x} \right) + \alpha_x \delta_x \right\} \tag{7}$$

We can show $\hat{V}(\pi)$ converges with $o_p(1)$:

Theorem 2 (Convergence in probability of policy evaluation)**.** *Under Assumptions 1 and 2*

$$\lim_{n \to \infty} P(|\hat{V}(\pi) - V(\pi)| \geq \epsilon) \to 0, \;\; \textit{for every positive } \epsilon. \tag{8}$$

Proof Sketch: We first demonstrate pointwise convergence of the optimization objective. We then utilize a result from stochastic equicontinuity [Newey, 1991] to obtain uniform convergence, after demonstrating a required Lipschitz condition for stochastic sequences is satisfied.

4.2 Policy Learning: We now consider the optimization over policy of equation 3. Define the optimal robust $V^* = \min_\pi V(\pi)$ and the set of ϵ-optimal policies $\Pi_\epsilon^* = \{\pi : V(\pi) \geq V^* - \epsilon\}$. Assume we have a procedure for finding the optimal $\hat{\pi}^*$ that satisfies $\hat{\pi}^* = \text{argmax}_\pi \hat{V}(\pi)$, we can show $\hat{\pi}^*$, will converge to an item in $\Pi_{\epsilon \to 0}^*$ with $o_p(1)$.

Theorem 3 (Convergence in Probability of Policy Learning)**.** *Under Assumptions 1 and 2*

$$\lim_{n \to \infty} P(\hat{\pi}^* \notin \Pi_\epsilon^*) \to 0, \;\; \textit{for every positive } \epsilon \tag{9}$$

[2] Note it is also possible to provide a different $\delta_{c,(X,A)}$ for every unique (X, A), or a different $\delta_{c,A}$ per action, however this greatly increases the hyperparameter burden on the end-user.

5 Practical Algorithm with Function Approximation

Our estimator for solving for the worst case reward shift value, $\hat{Q}_{X,A}$ for each context action pair in our first DRO step (section 4) relies on having a sufficient number of datapoints per each (X, A) to approximate $\mathbb{E}_{R\sim P_{R|X,A}}[\exp(-R/\alpha_c)] = 1/m_{xa}\sum_j \exp(-R_j/\alpha_c)$. However, in many settings contexts may not be discrete, and, in these cases, each continuous context may only be observed once. One approach can be to discretize the context space, however selecting the correct discretization is challenging. Too coarse a discretization introduces looseness and leads to overly conservative results, but too fine a discretization may not leave enough items in each bin to accurately estimate $\mathbb{E}_{R\sim P_{R|X,A}}[\exp(-R/\alpha_c)]$. Building on the theoretical insights, instead of binning we use function approximation that may not have the same convergence guarantees but as we show in Section 6 it can be quite accurate and lead to better results than the baseline methods. We develop an empirically stable method for estimating $\mathbb{E}_{R\sim P_{R|X,A}}[\exp(-R/\alpha_c)]$ using a moment generating function Taylor series approximation. The key feature of our method is that it does not require fitting the exponential dependence on R and α_c.

Approximating $\mathbb{E}_{R\sim P_{R|X,A}}[\exp(-R/\alpha_c)]$: We first notice that $\mathbb{E}_{P_{R|X,A}}[\exp(-R/\alpha_c)]$ is a moment generating function (MGF) of random variable $R \sim P_{R|X,A}$ with $t = 1/\alpha_c$. We can use the Taylor series expansion, $M_R(t) = \sum_{i=0}^{\infty} \frac{t^i}{i!}\mathbb{E}[(-R)^i]$, to estimate an order m approximation. We do this by fitting m function approximators, $\mathcal{F}_j$ for $j = 1, ...m$ to approximate the first m moments. We train $\mathcal{F}_j$ to predict $(-R_i)^j$ from (X_i, A_i), when trained on all the data, $\mathcal{F}_j$ should model the jth moment $\mathbb{E}_{P_{R|X_i,A}}[(-R)^j]$. Let $\mathcal{D}_X$ represent the sequence of contexts in the dataset, then for every context $X_i \in \mathcal{D}_X$ and every $a \in \mathcal{A}$ and any α_c, we use our approximators $\mathcal{F}_j$ to estimate the desired value:

$$\hat{\mathbb{E}}_{P_{R|X_i,a}}\left[\exp\left(\frac{-R}{\alpha_c}\right)\right] = 1 + \frac{1}{\alpha_c}\mathcal{F}_1(X_i, a) + .. + \frac{1}{\alpha_c^m}\frac{\mathcal{F}_m(X_i, a)}{m!}, \quad \text{for any } a \in \mathcal{A}, \alpha_c > 0. \quad (10)$$

This approximation achieves better regularity as we are no longer fitting the dependence on α_c. Practically, we find order $m = 5$ can often be quite accurate.

Other Methods: Another method is to train a function approximator to predict $\exp(-R_i/\alpha_c)$ given the corresponding values of X_i, A_i and multiple values of α_c value sampled from the relevant range. Then the trained model should estimate $\mathbb{E}_{R\sim P_{R|X,A}}[\exp(-R/\alpha_c)]$. However, we found this method to be unstable at small values of α_c due to the exponential dependence, so we develop a method that does not fit this dependence. Additionally, note that only estimating the first moment, $\mathbb{E}[R]$ and using $\exp(-\mathbb{E}[R]/\alpha_c)$ is a biased estimator of $\mathbb{E}[\exp(-R/\alpha_c)]$ due to Jensen's inequality.

Complete Algorithm: With our estimator $\hat{\mathbb{E}}_{P_{R|X_i,A}}[\exp(-R/\alpha_c)]$ we proceed with our method by first calculating $n \times k$ values of $\hat{Q}_{X_i,a}$ for each context in the dataset and each action in the action set. To do this, we iterate through $(X_i, a) \in (\mathcal{D}_X \times \mathcal{A})$ and solve the following *convex* problem in α_c:

$$\hat{Q}_{X_i,a} = \min_{\alpha_c}\{\alpha_c \log(\hat{\mathbb{E}}_{P_{R|X_i,a}}[\exp(-R/\alpha_c)]) + \alpha_c\delta_c\}. \quad (11)$$

We then carry out the procedure detailed in Section 4 onwards with these $\hat{Q}_{X_i,a}$. Algorithm 1 in Appendix A.1 provides our full algorithm for policy evaluation and optimization, that considers both the discrete binned case (Section 4) and the function approximation case just discussed.

6 Experiments

We test and analyze our algorithm empirically in three settings, including two derived from real data. While our method works for any policy that can be optimized, we consider learning the parameters θ of a stochastic softmax linear contextual bandit policy of the form:

$$\pi_\theta(X, A) = \frac{\exp(\phi(X, A)^T\theta)}{\sum_{a\in\mathcal{A}}\exp(\phi(X, a)^T\theta)} \quad \text{where } \phi(X, A) = [X, OneHot(A)] \quad (12)$$

This policy π_θ is differentiable so we optimize θ using gradient descent. For the function approximators $\mathcal{F}_j$ given in section 5, we use exponential-kernel linear regression models.

	Simulated	Voting	Scene
n_{total}, (n_{train}, n_{test})	$40K, (20K, 20K)$	$180K$, $(\sim 81K, \sim 99K)$	$2.407K$, $(\sim 1.6K, \sim 0.8K)$
$\lvert\mathcal{A}\rvert$, n_{cgs}, $n_{feats\ used}$	4, 4, 5	5, 2, 2	6, 2, 294 (projected to 3)
Train % per cg	$(0.1, 0.4, 0.1, 0.4)$	$(0.75, 0.25)$	$(0.7, 0.3)$
Test % per cg	Various	$(0.15, 0.85)$	$(0.15, 0.85)$
$\pi_0(a)$	$(.1, .2, .4, .3)$	$(.56, .11, .11, .11, .11)$	$(.17, .17, .17, .17, .17, .17, .17)$
$\mathbb{E}_{train}[R\|cg, A]$	$cg_{1,3}$:$(.35, .5, .2, .14)$ $cg_{2,4}$:$(.35, .2, .5, .14)$	cg_0:$(.38, .39, .31, .31, .35)$ cg_1:$(.25, .23, .18, .18, .20)$	cg_0:$(.25, 0, 0, 0, .36, .34)$ cg_1:$(0, .3, .36, .35, .1, 0)$

Table 1: Environment/Experiment details. The first row lists the approximate number of points in the train and test splits as we randomize the exact splits across runs. 'cg' stands for *coarse group* as described in the text. The last three rows list the percentages/reward values per action in the tuple. We use random projection to project the feature space of scene to avoid ill-conditioned behavior.

We compare against three baselines: (i) **baseline-IS**: A non-robust baseline that maximizes the reward calculated using importance sampling policy evaluation on the training data, (ii) **baseline-POEM** [Swaminathan and Joachims, 2015a] POEM improves the baseline-IS method by adding variance regularization to account for finite sample error, and (iii) **baseline-DRO** [Si et al., 2020] as mentioned throughout the text, considers the shift over the joint (context, reward) distribution as opposed to separating them.

6.1 Evaluation Domains

We first provide a brief overview of our evaluation settings before discussing our results. See the appendix for full descriptions of the environments. In all settings, to construct example shifts we cluster the datapoints by one of the context covariates into what we denote as *Coarse Groups* (cg). We then consider settings where the training distribution may consist of a different composition of cgs than the deployment/testing distribution. For each environment we give details in Table 1, such as the distribution of cgs in the train and test data as well and the average reward on the training set of each (cg, action) pair.

Simulated Setting: Our simulated setting has 4 cgs. To minimic potential misspecification that may occur when using real data, unknown to the designer, cg 1 and 3 ($cg_{1,3}$) are identical, as are cgs 2 and 4 ($cg_{2,4}$). Each context is composed of the cg and 4 other values sampled from uniform distributions. For each of the 4 actions and cg, each (cg, action) pair has a set of true reward parameters ϕ^*. The linear combination of ϕ^* and the contexts determine the bernoulli parameter of the observed reward.

Voting Setting: The voting dataset by Gerber et al. [2008] contains data collected from a randomized controlled trial-style study testing various actions (1 control and 4 treatments) to increase voter turnout in the Michigan 2006 primary election. We consider the recorded binary voting outcome as our reward. Because the non-control actions require additional effort of printing and mailing a letter compared to the control (do nothing), we slightly modify the reward by lowering the non-control action rewards by 0.09 to simulate this cost of effort. We use the context feature of whether the individual voted in the 2004 primary to divide data into coarse groups. To create a context distribution shift between train and test, we sampled different proportions of datapoints from each group to put in the train distribution. Additionally in this experiment we consider the case where we do not have access to the coarse group at test time so it cannot be used in learning the policy. This illustrates a more challenging and a realistic case where there is shift in the unobserved context features.

Scene Setting: We additionally test in a setting derived from the multiclass-supervised learning Scene classification dataset from the LibSVM [Chang and Lin, 2011] repository. We use a slightly modified version of the supervised to bandit conversion method from prior literature [Swaminathan and Joachims, 2015a, Agarwal et al., 2014]. In this method we assume we do not observe the correct label directly. Instead each label is an action and selecting to correct action/label gives positive reward, while the wrong action/label gives negative reward. We follow a similar procedure to create a shift as in the voting dataset so we give those details in the Appendix.

6.2 Results

We use the training dataset to optimize the policies and evaluate on the test dataset. For the voting dataset we use importance sampling to evaluate the policies. For Simulated and Scene, we have the

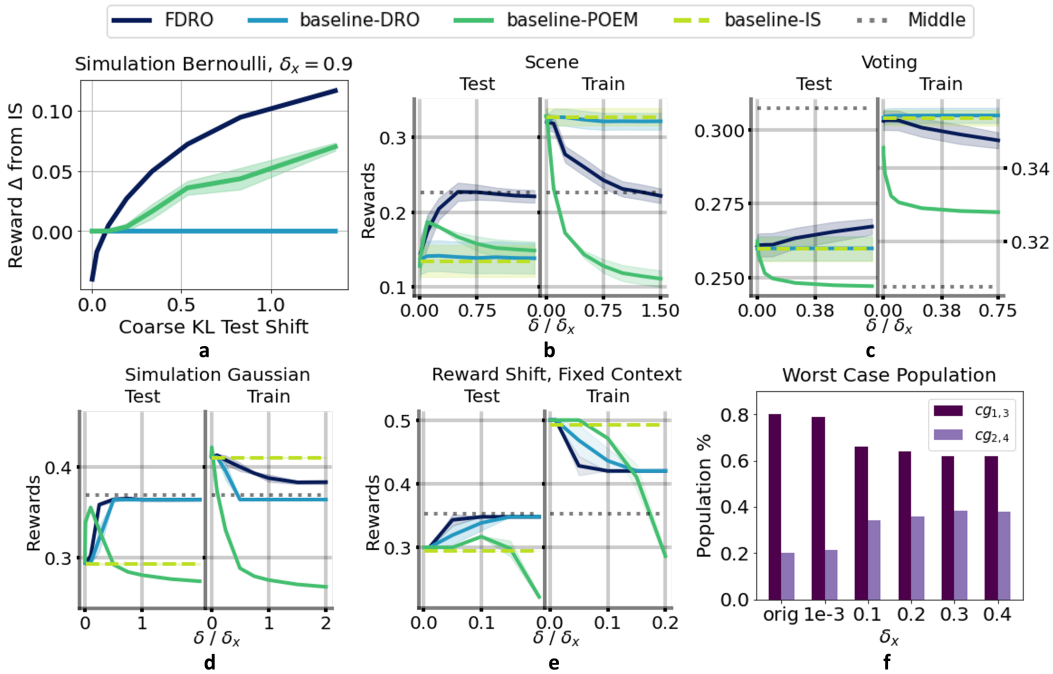

Figure 1: The dotted line 'Middle' serves as a constant horizontal reference across the two panels in plots (b-e). All plots except (f) are plotted with 95% confidence intervals shaded. Reported results and confidence intervals are averaged over 10 runs in all simulated domains and Voting and 30 runs in Scene. **Top Row:** We plot our main results and demonstrate FDRO is able to learn more robust policies under context shift in all setting. (a) We vary the shift in the test distribution and plot results as the performance gain over baseline-IS. We make this task challenging for FDRO by fixing δ_x for FDRO but choosing the best hyparameter at each point for the others. (b,c) We fix the train and test distributions and plot the performance at different δ/δ_x hyperparameters in Scene and Voting. **Bottom Row:** We present discussion results. (d) Results from a continuous-reward domain, FDRO is able to outperform baselines (e) A domain where the test distribution reward distribution shifts but context does not (f) The extracted worst case population of our FDRO for different δ_x.

true rewards for all action and use them for evaluation. Recall that all the robust algorithms have robustness parameters. For FDRO we have two, the KL-radius of the reward distribution uncertainty set δ_c and the radius of the context distribution uncertainty set δ_x. Due to our train-test construction, our many of our settings predominantly have context shifts. We leverage this information to set our FDRO parameter for reward shift to $\delta_c = 0.001$. We show our main results in the top row of Figure 1 where we consider the effect of δ_x. Baseline-DRO has a single parameter for the KL-radius over the joint context-reward distribution ambiguity set, δ which we compare with. Baseline-POEM also has a single parameter, the variance regularization strength, λ. However, Faury et al. [2020] prove that POEM can be equivalently viewed from a DRO formulation. So for comparison when reporting the results, we first translate λ to the corresponding DRO-radius $\delta = n\lambda^2$. We demonstrate in all three settings, FDRO is able to outperform all the baselines.

In Figure 1a, we consider the case of testing an algorithm fit with a fixed δ_x in different populations. We plot the performance gain of each algorithm over baseline-IS as the test population is increasingly different. We made this environment especially challenging for FDRO by fixing δ_x for FDRO while solving for the **best** δ for *each* different test population for baseline-DRO and baseline-POEM. We see that as expected when the test context distribution is nearly identical to the training context distribution, the robust policy learned by FDRO does not perform as well (negative reward difference). However as the test distribution differs more and more, we see FDRO starts performing much better than the non-robust policy. As predicted, in the contextual bandit setting with binary rewards, the joint formulation of baseline-DRO suffers from the same issue proven. Similar issue of degeneration to learning the optimal train-distribution policy has also been drawn in the supervised DRO literature [Hu

et al., 2018]. We additionally see that even with the advantage of using the best parameter per test population, baseline-POEM still does not perform as well.

In Figures 1b and c. We consider fixed training and test distributions and plot performance at different values of δ/δ_x for the voting and scene settings. We see that with increasing δ_x, FDRO can learn robust policies that perform well on the test set. Baseline-DRO suffers from the same issue previously discussed. The performance of baseline-POEM decreases on both distributions. As the variance regularization weight increases, POEM is incentivized to learn low variance policies, such as choosing low variance but low reward action, or reducing the variance from importance sampling by choosing a policy close to the data-collection policy, which may be suboptimal.

6.3 Discussion

Continuous Rewards and Reward Shift: In the main result we focus on the binary reward setting as it is a common setting for bandits however we also show results for a continuous rewards setting. We modify our simulations environment to use gaussian-distributioned rewards as opposed to bernoulli. We see in Figure 1d that baseline-DRO is able to learn polices that perform well on the test set. However FDRO with extra structure information was still able to learn a better policy with better train performance at the same test performance. Additionally, in our main results we primarily considered context distribution shifts. We create a new simple reward simulation environment (described in the appendix) where we can easily create a test environment with shifted rewards. We see in Figure 1d, both FDRO and baseline-DRO are able to handle this this case well.

Utilizing unavailable features: We note that in two of the settings - voting and scene, we assumed there were context features in the train set that are unavailable at deployment. This situation occurs in cases where those features would be too expensive or slow to measure at deployment. It may also occur in cases, such as fairness considerations, where there are sensitive features that should not influence the decision policy. The policy learned by FDRO does not leverage this unavailable feature, however if available in the training data, the method can still better utilize this information in the first DRO step when calculating the worst case rewards $\hat{Q}_{X,A}$.

Setting the δ parameters: One limitation common to all DRO methods is that setting the δ parameters requires may be tricky. Choosing δ too large and accounting for too large a shift may result in overly conservative policies at deployment. However, we can see from the results, often our method works for many values of δ. For example in Figure 1a, we see that while we may incur a small penalty if the distribution does not shift, we can learn a policy that has much larger gains if the distribution does shift. A standard method is to Another approach could be to utilize a human in the loop examination approach. For any policy and δ, we can examine the worst case distribution. The worst case distribution for DRO formulation with KL distance bounds is an Softmax scaled weighting of the datapoints with a temperature determined by optimal dual variable α^*. If we have discrete context features, or a easily discretized features, examine the worst case distribution of that feature. We plot the worst case distributions of the cg context feature of FDRO in Figure 1f in the Bernoulli simulated environment (exact calculation details in the appendix). For each δ value, the end user can examine the estimated performance on the training distribution as well as the worst-case distribution of some of the features to decide if the policy is reasonable.

Potential negative societal impacts: As shown in our results, FDRO is able to learn robust policies that perform well in domains, even under shift. However if the shift is not as large as predicted, the policy learned using FDRO may be overly conservative which can potentially cause negative impact in terms of lower than necessary performance. To mitigate this risk, experimenters can carefully set δ using methods proposed in the previous section.

7 Conclusion

In this work we consider the batch learning of contextual bandit policies when the deployment distribution may shift from that of data collection. We propose a distributionally robust optimization formulation that separates the reward and context shift. We demonstrated that our proposed estimators converge asymptotically and then developed a practical algorithm FDRO that is able to overcome some failure cases of prior methods and learn better performing robust policies.

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Checklist

1. For all authors...
   (a) Do the main claims made in the abstract and introduction accurately reflect the paper's contributions and scope? [Yes]
   (b) Did you describe the limitations of your work? [Yes] Section 6.3
   (c) Did you discuss any potential negative societal impacts of your work? [Yes] Section 6.3
   (d) Have you read the ethics review guidelines and ensured that your paper conforms to them? [Yes]
2. If you are including theoretical results...
   (a) Did you state the full set of assumptions of all theoretical results? [Yes]
   (b) Did you include complete proofs of all theoretical results? [Yes] We include all proofs in the supplemental appendix
3. If you ran experiments...
   (a) Did you include the code, data, and instructions needed to reproduce the main experimental results (either in the supplemental material or as a URL)? [Yes] We will include them in the supplemental material with a link in the main text in a final draft
   (b) Did you specify all the training details (e.g., data splits, hyperparameters, how they were chosen)? [Yes] We provide this detail in the supplemental appendix
   (c) Did you report error bars (e.g., with respect to the random seed after running experiments multiple times)? [Yes] In Section 6, we plot 95% confidence intervals over multiple runs
   (d) Did you include the total amount of compute and the type of resources used (e.g., type of GPUs, internal cluster, or cloud provider)? [Yes] We provide this detail in the supplemental appendix
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