

000 RETHINKING REGULARIZATION IN FEDERATED 001 LEARNING: AN INITIALIZATION PERSPECTIVE 002

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007 ABSTRACT 008

009 In federated learning, numerous regularization methods have been introduced to
010 alleviate local drift caused by data heterogeneity. While all share the goal of
011 reducing client drift, their effects on client gradients and the resulting features
012 learned by local models differ. Our comparative analysis shows that among the
013 tested regularization methods, FedDyn is the most effective, achieving superior
014 accuracy-to-round while simultaneously reducing inter client gradient divergence
015 and preserving global model features during local training. Nevertheless, regulari-
016 zation methods, including FedDyn, are only approximations of an ideal scheme
017 that would completely remove local drift and guarantee convergence to the global
018 stationary point. In practice, deviations from this ideal give rise to side effects
019 and, together with the additional computational and communication costs, limit
020 their practicality. Since the performance differences among federated learning al-
021 gorithms diminish once models are well-initialized, it is more efficient to restrict
022 regularization to the pre-training phase, where its benefits outweigh these draw-
023 backs. Our study of pre-training strategies for FedAvg demonstrates that FedDyn
024 provides the most effective initialization, a property tied to its convergence behav-
025 ior near the global stationary point. Extensive experiments across both cross-silo
026 and cross-device settings confirm that applying FedDyn solely for pre-training
027 yields faster convergence and reduced overhead compared to maintaining regulari-
028 zation throughout the entire training process.
029

030 1 INTRODUCTION 031

032 Federated learning preserves client privacy by keeping data localized on edge devices, allowing
033 each client to update models using only its own data. Directly transmitting updates after every
034 gradient step would incur prohibitive communication costs. To address this, FedAvg (McMahan
035 et al., 2017) was proposed, where clients perform multiple local steps before sending updates to the
036 server. However, these multiple steps amplify the adverse effects of data heterogeneity, which arises
037 from the inherently distinct data distributions across clients and leads to inconsistencies between
038 local and global objectives (Li et al., 2020). To mitigate this issue, several methods have been
039 introduced, with regularization-based approaches such as SCAFFOLD (Karimireddy et al., 2020)
040 and FedDyn (Acar et al., 2021) among the most prominent. By introducing regularization during
041 local training, these methods reduce the mismatch between local and global objectives. In this work,
042 we aim to analyze the underlying mechanisms of regularization from a new perspective, asking the
043 following key questions.
044

045 The first question we address is: *How does regularization influence client gradients?* We analyzed
046 this from two perspectives: (i) differences in gradients across clients and (ii) changes in gradients
047 within a single client across rounds. To quantify inter-client differences, we measured gradient
048 diversity (Yin et al., 2018); to capture intra-client changes, we computed the cosine similarity of
049 gradients across rounds. An effective regularization method should reduce gradient diversity by bet-
050 ter aligning the gradients of clients that have non-IID data. At the same time, it should yield low
051 intra-client cosine similarity, since high similarity suggests that a client repeatedly optimizes only
052 its local objective without regard to the global objective. In the case of plain FedAvg without regu-
053 larization, clients focus solely on minimizing their local objectives, resulting in updates that remain
almost identical in direction across rounds but diverge significantly across clients. This growing
gradient diversity ultimately slows down global convergence. Based on these measures, we found

054 that FedDyn exhibits the most desirable regularization behavior. In FedDyn, clients update their
 055 models in directions that are nearly orthogonal to their previous gradients, thereby accounting not
 056 only for their local objectives but also for the global objective. This results in lower inter-client
 057 gradient diversity and, consequently, superior accuracy-to-round performance. In contrast to meth-
 058 ods that mitigate client drift only indirectly, FedDyn directly enforces alignment between local and
 059 global objectives, guaranteeing that the solutions of individual clients and the global model con-
 060 verge to the same point in the limit. This finding is consistent with benchmark results in (Baumgart
 061 et al., 2024), where FedDyn consistently outperforms other federated learning methods in terms of
 062 accuracy-to-round.

063 The second question we address is: *How does regularization influence the features learned by local*
 064 *and global models?* To identify which features a model has captured, we employed the interaction
 065 tensor (Jiang et al., 2024), which enables direct comparison of the information encoded by different
 066 models. Specifically, we computed the interaction tensor among the current global model, the local
 067 models, and the subsequent global model. Our analysis shows that, without regularization, each
 068 client primarily learns features tailored to its own data distribution, whereas regularization encour-
 069 ages local models to acquire features that better align with the features of the global model.

070 The final question we address is: *What are the drawbacks of regularization, and how can they be*
 071 *mitigated?* An ideal regularization method would completely eliminate local drift and ensure that
 072 updates are equivalent to those guided by the gradient of the global objective function. SCAFFOLD
 073 and FedDyn employ client-side control variates to approximate and remove local drift, while using
 074 server-side control variates to approximate the gradient of the global objective, thereby producing
 075 updates that closely mimic those of the global gradient. Naturally, a gap remains between existing
 076 regularization methods and the ideal scheme, and even FedDyn, which comes closest to ideal
 077 regularization, exhibits side effects as a result. Specifically, in FedDyn, the server control variate
 078 does not accurately approximate the gradient of the global objective function, and updates guided
 079 by it can negatively impact the features learned by the global model. In the early stages of training,
 080 the benefits of regularization outweigh its side effects, but as training progresses these advantages
 081 diminish, and when accounting for the additional computational cost, the gains become marginal.
 082 Federated learning is less sensitive to data heterogeneity when initialized with well-trained weights,
 083 such as those obtained from public datasets (Nguyen et al., 2023; Chen et al., 2023). This sug-
 084 gests that regularization is unnecessary in the later phases of training. To address this, we propose a
 085 two-stage approach: applying regularization only during initialization, followed by fine-tuning with
 086 FedAvg. We show that using regularization solely for initialization mitigates the aforementioned
 087 drawbacks and achieves results comparable to initialization from public datasets, which may not
 088 always be available in practice. The contributions of this work are summarized as follows:
 089

- We conduct a comparative analysis of various regularization methods not only in terms of accuracy-to-round but also from gradient, feature learning, and initialization perspectives, providing a deeper understanding of how regularization affects data heterogeneity.
- We analyze the gap between ideal regularization and its closest practical counterpart, FedDyn, identify the side effects that arise from this gap, and validate these findings through experiments.
- We propose a two-stage training strategy that employs regularization only for pre-training, motivated by the observation that the impact of data heterogeneity diminishes once weights are well-initialized and that regularization introduces additional computational cost.

097 2 RELATED WORK

100 2.1 HETEROGENEITY IN FEDEATED LEARNING

101 Data heterogeneity introduces inconsistencies between the local objective of each client and the
 102 global objective. To address this issue, regularization-based methods such as SCAFFOLD (Karim-
 103 ireddy et al., 2020), FedDyn (Acar et al., 2021), FedNTD (Lee et al., 2022), and MOON (Li et al.,
 104 2021) have been proposed. These approaches encourage clients to move beyond optimizing solely
 105 for their local objectives and instead contribute to the convergence of the global model toward a
 106 global optimum. However, compared to FedAvg (McMahan et al., 2017), such methods incur ad-
 107 ditional computational overhead, which can be burdensome for resource-constrained clients. Fed-
 108 erated learning is commonly categorized into two scenarios: Cross-Silo and Cross-Device (Kairouz

108 et al., 2019). In Cross-Silo FL, a relatively small number of clients participate, each often holding
 109 a substantial amount of data, for example, hospitals collaboratively training on medical data (Rieke
 110 et al., 2020). In contrast, Cross-Device FL typically involves millions or even billions of clients (Niu
 111 et al., 2020), each contributing sporadically with a small amount of data, such as smartphones par-
 112 ticipating in keyboard prediction tasks (Hard et al., 2018). This paper empirically investigates the
 113 role and impact of regularization in both Cross-Silo and Cross-Device settings.

114 2.2 PRE-TRAINING FOR FEDERATED LEARNING

117 In standard federated learning, the global model is typically initialized with random weights. Recent
 118 studies have examined the role of pre-training for initialization (Nguyen et al., 2023; Chen et al.,
 119 2023), collectively highlighting that initialization is critical in federated learning. In particular, they
 120 suggest that leveraging pre-trained weights, rather than random initialization, can help mitigate the
 121 challenges posed by data heterogeneity. However, pre-training on large publicly available datasets
 122 may not always be feasible. To address this limitation, prior work has explored the use of synthetic
 123 data, such as fractal datasets, for pre-training when public data is unavailable (Chen et al., 2023).
 124 Nevertheless, such synthetic pre-training remains less effective than using large real-world datasets.
 125 In this work, we propose a pre-training methodology for federated learning that does not rely on
 126 external public datasets, but instead leverages only the distributed data available across clients.

127 3 RETHINKING REGULARIZATION IN FEDERATED LEARNING

128 3.1 NOTATIONS

131 We consider a federated learning scenario with N clients. In each round t , a random subset P_t
 132 participates. Each client $k \in P_t$ receives the current global model θ^t from the server, performs E
 133 local epochs on its objective L_k , and returns the updated model θ_k^{t+1} . The goal of federated learning
 134 is to minimize the global objective $L(\theta) \triangleq \frac{1}{N} \sum_{k=1}^N L_k(\theta)$, where the *pseudo-gradient* is defined
 135 as $g_k^t \triangleq \theta_k^{t+1} - \theta^t$, i.e., the update contributed by client k in round t . To mitigate local drift, control
 136 variates are often introduced: a client control variate $h_k^t \approx \nabla L_k(\theta_k^t)$ that approximates the local
 137 gradient, and a server control variate $h^t \approx \nabla L(\theta^t)$ that approximates the global gradient.

139 3.2 GRADIENT PERSPECTIVE

141 In this work, we aim to provide direct evidence that FedAvg’s convergence is hindered by local drift
 142 and to examine whether similar issues arise in other methods. To this end, we measured (i) the
 143 diversity of pseudo-gradients across clients and (ii) the cosine similarity of pseudo-gradients within
 144 each client across rounds. Gradient diversity, originally introduced in (Yin et al., 2018), quantifies
 145 how different the individual gradients of local objectives are from each other, and is defined as

$$146 \text{Gradient Diversity} \triangleq \frac{\sum_{k=1}^n \|\nabla L_k(\theta)\|_2^2}{\left\| \sum_{k=1}^n \nabla L_k(\theta) \right\|_2^2}. \quad (1)$$

149 While gradient diversity captures the diversity of pseudo-gradients across clients, cosine similarity
 150 reflects their similarity across rounds within a single client. Specifically, we measured the co-
 151 sine similarity between a client’s pseudo-gradient from the last round and those from its previous
 152 rounds. Experimental results obtained with ResNet20 (He et al., 2016) on CIFAR-100 are shown
 153 in Figures 1b and 1c. We also compared the accuracy of different regularization methods across
 154 communication rounds in a setting where 10% of 100 clients participated in each round. To reduce
 155 randomness, pseudo-gradient diversity and cosine similarity were computed under full client partic-
 156 ipation, whereas accuracy-to-round was evaluated under partial participation to emphasize practical
 157 relevance. As discussed later in Section 3.4, where we analyze the differences among various regu-
 158 larization methods used for FedAvg initialization, we switched to FedAvg after a certain round. The
 159 vertical gray line on the x-axis denotes this switching point. In this section, we analyze the training
 160 dynamics of the regularization methods prior to this point.

161 In Figure 1a, FedDyn and SCAFFOLD achieve the fastest convergence, while FedNTD and MOON
 converge at rates similar to FedAvg. This behavior can be explained by pseudo-gradient diversity

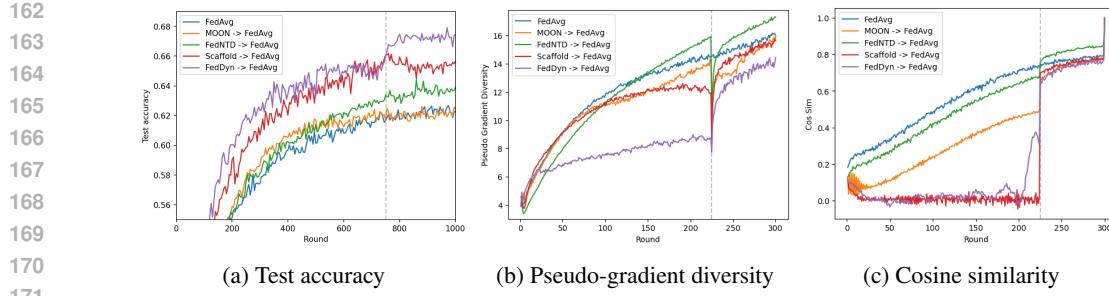


Figure 1: Comparison of regularization-based methods in terms of (a) test accuracy, (b) pseudo-gradient diversity, and (c) cosine similarity.

and cosine similarity. As shown in Figures 1b and 1c, FedAvg exhibits the highest pseudo-gradient diversity and cosine similarity in the early rounds. High cosine similarity indicates that a client’s pseudo-gradients change little across rounds, even as the global model evolves, while high gradient diversity implies that client updates cancel each other out, slowing down global progress. By contrast, FedDyn and SCAFFOLD encourage clients to update in directions nearly orthogonal to their previous updates, yielding lower pseudo-gradient diversity and faster convergence. Because FedNTD and MOON regularize client updates only indirectly (via knowledge distillation or contrastive learning), their pseudo-gradient diversity and cosine similarity follow trends similar to FedAvg, leading to slower convergence compared to direct methods.

Although FedDyn and SCAFFOLD show similar cosine similarity, FedDyn achieves lower pseudo-gradient diversity and slightly faster convergence. Both employ control variates to reduce client drift, but they differ in communication cost: SCAFFOLD requires exchanging both the model and the server’s control variate with clients. In summary, FedDyn most effectively aligns local and global objectives, achieving the fastest convergence and strongest gradient alignment. In contrast, the indirect regularization terms in MOON and FedNTD fail to provide sufficient correction, causing clients to repeat similar updates and resulting in slow convergence. This finding is consistent with benchmark results in (Baumgart et al., 2024), where FedDyn consistently outperforms other federated learning methods, including SCAFFOLD, in terms of accuracy-to-round when computational overhead is not taken into account. Unless otherwise specified, we adopt FedDyn as the default regularization method.

3.3 FEATURE LEARNING PERSPECTIVE

We further analyzed how the gradient changes discussed in Section 3.2 influence the features learned by the model. To identify which features each model captures, we computed the interaction tensor (Jiang et al., 2024) $\Omega \in \{0, 1\}^{M \times N \times F}$ among the current global model at round t , the locally trained models, and the subsequent global model. Here, the first axis corresponds to $M = |P_t| + 2$ models, the second axis to N test data points, and the third axis to F feature clusters. An entry $\Omega_{mnf} = 1$ indicates that the m -th model has learned the f -th feature and that the n -th test data point contains this feature. We define the top- K principal components of the penultimate layer’s output $\Phi \in \mathbb{R}^{N \times d}$ as features, where d is the input dimension of the final fully connected layer. Each representation is projected into \mathbb{R}^K . Using singular value decomposition (SVD), $\Phi = U\Sigma V^T$, we select K columns of V as principal components. The projection of a test data point x in \mathbb{R}^K is denoted $v(x)$, and the k -th entry of $v(x)$ for the m -th model is written as $v_{m,k}(x)$. From the total of MK features, we perform greedy clustering on features with high correlation. For any pair of models (w_i, w_j) and their respective features (a, b) , the correlation $\rho_{(i,j),(a,b)}$ is computed as

$$\rho_{(i,j),(a,b)} = \mathbb{E}_{(x,y) \sim \mathbb{D}} [(v_{i,a}(x) - \mu_{i,a})(v_{j,b}(x) - \mu_{j,b})] (\sigma_{i,a}\sigma_{j,b})^{-1}, \quad (2)$$

where $\mu_{i,a}$ and $\sigma_{i,a}$ are the mean and standard deviation of $v_{i,a}$. When $|\rho_{(i,j),(a,b)}|$ exceeds a threshold $\gamma_{\text{corr}} \in (0, 1)$, the a -th feature of the i -th model and the b -th feature of the j -th model are assigned to the same feature cluster. To identify which data points contain a given feature, we normalize $v_{m,k}$ by its ℓ_∞ -norm. If the k -th entry in the n -th data point exceeds a threshold $\gamma_{\text{data}} \in (0, 1)$, then the n -th data point is considered to contain the k -th feature of the m -th model. Finally, for each model

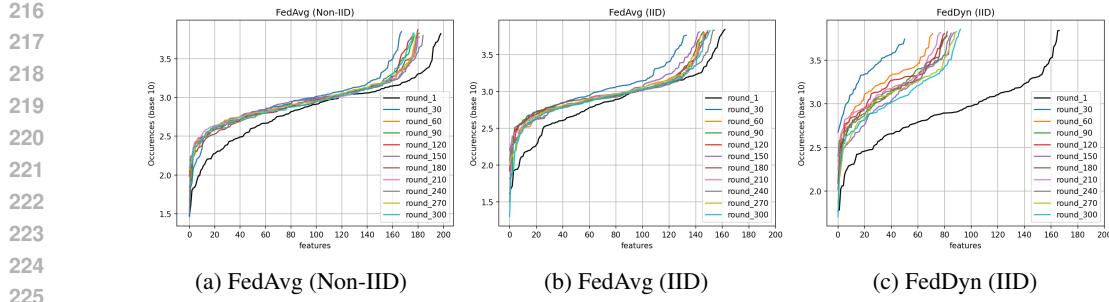


Figure 2: Feature frequency over training rounds

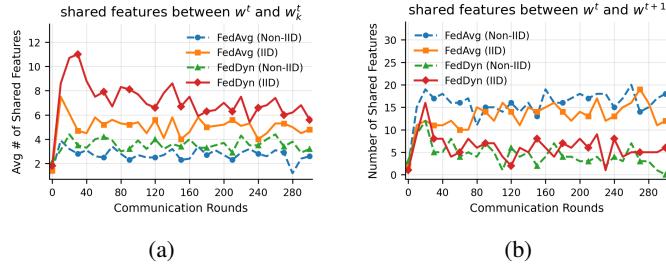


Figure 3: (a) Average number of features in local models that also appear in the current global model. (b) Number of features shared between the current and the next global model.

241 m and feature k , if there exists a data point n containing the feature and this feature belongs to
242 cluster f , then $\Omega_{mnf} = 1$.

243 We analyzed how the features learned by each model differ depending on the client’s data distribution
244 using the interaction tensor, with $d = 64$ (input dimension of the final fully connected layer) and
245 $K = 20$ principal components. Feature occurrence frequency was measured during global training
246 with FedAvg across 10 clients using ResNet-20 on CIFAR-100. In the Non-IID setting (Figure 2a),
247 each model tends to learn distinct features, resulting in a larger number of feature clusters (170–180
248 features) throughout training. In contrast, in the IID setting (Figure 2b), the learned features exhibit
249 stronger correlations and form fewer clusters (140–150 features).

250 We also investigated the effect of regularization. As shown in Figure 2c, FedDyn promotes tighter
251 clustering of features, reducing the number of clusters to 80–90. Furthermore, we examined feature
252 preservation across training by measuring (i) how well local models retain features of the current
253 global model after local training, and (ii) how many of these features persist in the next global model
254 after aggregation. In Figure 3a, local models in the IID setting largely preserve features from the
255 current global model, whereas in the Non-IID setting they tend to learn new features not present
256 previously. FedDyn’s local models, however, effectively retain the feature representations of the
257 global model. Finally, in Figure 3b, we observe that although FedAvg’s local models diverge from
258 the current global model, the next aggregated global model still exhibits feature representations similar
259 to the current one. By contrast, FedDyn’s global model shows greater round-to-round changes
260 in feature representations, despite its local models preserving many of the global model’s existing
261 features.

262 3.4 REGULARIZATION FOR INITIALIZATION

264 Regularization reduces gradient diversity and thereby accelerates convergence. However, this ef-
265 fect relies on updates guided by the server control variate, which approximates the global gradient.
266 In FedDyn, local updates are regularized to suppress drift, while the server compensates for ac-
267 cumulated client drifts using h^t . Yet, as shown in Figure 6d, these client drifts can exhibit high
268 diversity, making the server-side compensation imprecise. FedDyn converges to a global station-
269 ary point only in the asymptotic regime (i.e., as $t \rightarrow \infty$), under the assumption that each lo-
 cal model converges to θ^∞ . In practice, local models do not fully converge, so the condition

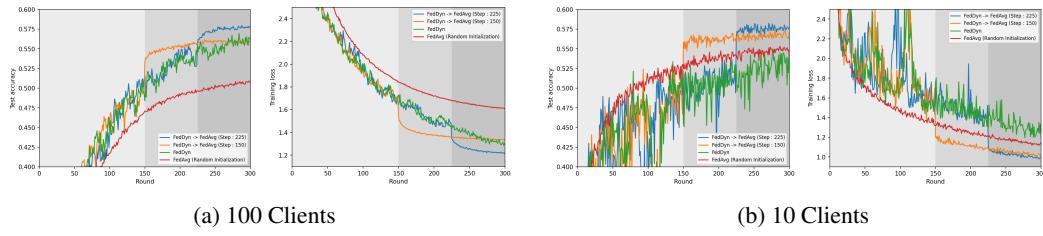


Figure 4: Test accuracy and train loss of FedAvg, FedDyn, and FedDyn → FedAvg on CIFAR-100 dataset. Train loss refers to the training loss of the global model for the entire training data.

$\sum_k \nabla L_k(\theta_k^t) \approx \sum_k \nabla L_k(\theta^\infty) \rightarrow 0$ holds only approximately. This imprecision also manifests in feature learning. As shown in Figure 3b, regularization helps local models retain features of the global model, but the aggregated update offsets this benefit, so that the next global model shares relatively few features with the current one. In the Section A.1, we provide empirical evidence that the aggregated local model $\gamma^t = \frac{1}{P} \sum_{k \in P_t} \theta_k^t$ achieves better performance than the global model θ^t obtained by a single-step update with h^t , demonstrating that h^t does not accurately approximate the global gradient.

Formal Switching Criterion. Motivated by this observation, we propose switching from FedDyn to FedAvg. We also provide a formal condition for identifying when continued use of FedDyn ceases to be effective and when it is preferable to switch to FedAvg, under the assumption of convex and L -smooth loss functions. The key intuition is that although Theorem 2 of (Acar et al., 2021) establishes the convergence of $\gamma^t = \frac{1}{P} \sum_{k \in P_t} \theta_k^t$, the imprecise update using the server control variate h^t may hinder the convergence of θ^t , the actual global model distributed to clients. Therefore, if the cost introduced by h^t outweighs the convergence gain from regularization, it becomes undesirable to maintain regularization. We emphasize that this switching rule is conservative, since it does not take into account any potential gain after switching to FedAvg. Formally, building on Lemma 1 of (Acar et al., 2021), we obtain the following proposition (derivation deferred to Appendix A.4). Let

$$C_t = \frac{1}{m} \sum_{k \in [m]} E[\|\nabla L_k(\theta_k^t) - \nabla L_k(\theta^*)\|^2], \quad (3)$$

which measures how well client gradients approximate the local gradients at the optimal weights. Then the averaged suboptimality after T rounds can be upper-bounded as

$$D_T = \frac{1}{T} \left(\zeta + \eta \sum_{t=1}^T C_{t-1} \right), \quad \zeta = \left(1 + \frac{L}{\alpha} \right) \frac{\Phi_0}{\kappa_0}, \quad \eta = \frac{1}{2\alpha} + \frac{L}{2\alpha^2}. \quad (4)$$

Proposition 1 (Switching Point for FedDyn). *A condition for the round T at which FedDyn ceases to be effective is given by*

$$D_T \leq D_{T+1} \iff T\eta \left(C_T - \frac{1}{T} \sum_{t=1}^T C_{t-1} \right) \geq \zeta, \quad (5)$$

where $\frac{1}{T} \sum_{t=1}^T E[\ell(\theta^{t-1}) - \ell(\theta_*)] \leq D_T$, ζ is a positive constant.

Thus, when the model has not sufficiently converged and C_t remains large relative to its historical average, an earlier switch should be performed. As shown in Section 3.2, local gradients remain nearly aligned regardless of changes in the global model. Considering that FedDyn imposes regularization along this direction, the condition that C_T exceeds its historical average can hold.

We present experimental evidence that FedDyn is not always effective as a standalone method. While it reduces client drift, its main utility lies in providing a strong initialization for FedAvg. As shown in Figure 4, we compare FedAvg, FedDyn, and FedDyn → FedAvg on the CIFAR-100 dataset using a ResNet20 (He et al., 2016) model, with data distributed non-IID across either 100 or 10 clients under full participation. The results show that applying regularization throughout training is less effective than using it only for initialization. In Figure 4a, FedDyn converges faster and

324 Table 1: Test accuracy of FedAvg, FedDyn, and FedDyn→FedAvg across various federated learning
 325 settings

327 Data	328 Dataset	329 Cross-Device			330 Cross-Silo		
		331 FedAvg	332 FedDyn	333 FedDyn→FedAvg	334 FedAvg	335 FedDyn	336 FedDyn→FedAvg
337 IID	CIFAR10	86.35 \pm 0.12	88.97 \pm 0.15	89.11\pm0.16	86.63 \pm 0.06	88.25 \pm 0.17	89.91\pm0.13
	CIFAR100	62.58 \pm 0.22	65.71 \pm 0.20	67.18\pm0.49	66.30 \pm 0.14	66.03 \pm 0.27	68.99\pm0.23
	Tiny-ImageNet	52.39 \pm 0.38	56.04 \pm 0.15	57.85\pm0.25	57.30 \pm 0.09	55.96 \pm 0.21	59.51\pm0.22
338 NonIID	CIFAR10	73.36 \pm 0.38	81.83\pm0.39	81.43 \pm 0.44	62.37 \pm 0.50	75.39 \pm 0.35	78.29\pm0.24
	CIFAR100	53.51 \pm 0.28	54.25 \pm 0.69	56.48\pm0.24	54.21 \pm 0.14	53.98 \pm 0.74	57.77\pm0.53
	Tiny-ImageNet	50.28 \pm 0.75	54.19 \pm 0.36	54.87\pm0.41	52.68 \pm 0.21	51.97 \pm 0.38	53.55\pm0.22

337 reaches higher accuracy than FedAvg, whereas in Figure 4b this advantage disappears, suggesting
 338 that the benefit of regularization depends on the number of clients and the size of local datasets.
 339 Nonetheless, across both settings, weights trained with FedDyn provide excellent initialization for
 340 FedAvg. Although FedDyn achieves the best accuracy-to-round, it is also the most computationally
 341 expensive (Baumgart et al., 2024). Using it only for pre-training therefore alleviates this burden.
 342 Longer pre-training improves final performance but also increases overhead, making the number of
 343 pre-training rounds a trade-off between cost and generalization. Since FedAvg converges rapidly
 344 once initialized, it is generally advantageous to retain regularization for as long as possible. In our
 345 experiments, we applied it for 75% of the total rounds, with an ablation study of the switching point
 346 provided in Section A.2.

347 We also examined whether other regularization methods could serve as good initialization strategies
 348 for FedAvg, but as shown in Figure 1a, this was not the case. As reported in (Nguyen et al., 2023),
 349 pre-trained weights exhibit lower pseudo gradient diversity compared to random initialization. Simi-
 350 larly, as shown in Figure 1b, only the FedDyn → FedAvg strategy demonstrates this property, which
 351 we attribute to FedDyn approximately converging to the global stationary point.

352 4 EXPERIMENT

354 4.1 EXPERIMENT SETTING

356 We evaluated our approach on image classification tasks using multiple datasets and mod-
 357 els: VGG11 (Simonyan & Zisserman, 2014) for CIFAR-10, ResNet20 for CIFAR-100, and
 358 ResNet18 (He et al., 2016) for Tiny-ImageNet. The corresponding hyperparameters are listed in Sec-
 359 tion A.9. After pre-training, we always fine-tune with FedAvg. The ablation study on methods other
 360 than FedAvg is provided in Section A.3. The procedure for applying dynamic regularization (Acar
 361 et al., 2021) as initialization for FedAvg is summarized in Algorithm 1: training follows FedDyn un-
 362 til a specified pre-training step, after which it switches to FedAvg. To model non-IID data, we used
 363 Dirichlet-based partitioning, where the data of class c assigned to client k follows $p_c \sim \text{Dir}_k(\beta)$.
 364 We set $\beta = 0.5$ for CIFAR-10 and $\beta = 0.1$ for CIFAR-100 and Tiny-ImageNet. All experiments
 365 were repeated three times, and we report mean and standard deviation.

366 4.2 CROSS-DEVICE AND CROSS-SILO

368 Table 1 shows that initializing FedAvg with weights pre-trained by FedDyn is consistently effective
 369 across both system settings (Cross-Device and Cross-Silo) and data distributions (IID and non-
 370 IID). In the Cross-Device setting, FedDyn exhibits superior convergence and higher test accuracy
 371 compared to FedAvg, yet applying regularization throughout all rounds proves less beneficial than
 372 switching to FedAvg after a certain point. In the Cross-Silo setting, FedDyn does not clearly out-
 373 perform FedAvg, but surprisingly, FedDyn pre-training still provides a strong initialization that im-
 374 proves FedAvg performance.

375 These results hold regardless of data distribution. FedAvg initialized with regularization achieves
 376 substantially higher accuracy than starting from random initialization, in both IID and non-IID cases.
 377 This suggests that the primary challenge FedAvg faces under data heterogeneity stems from its
 378 initialization. Our finding resonates with recent work highlighting the importance of pre-training

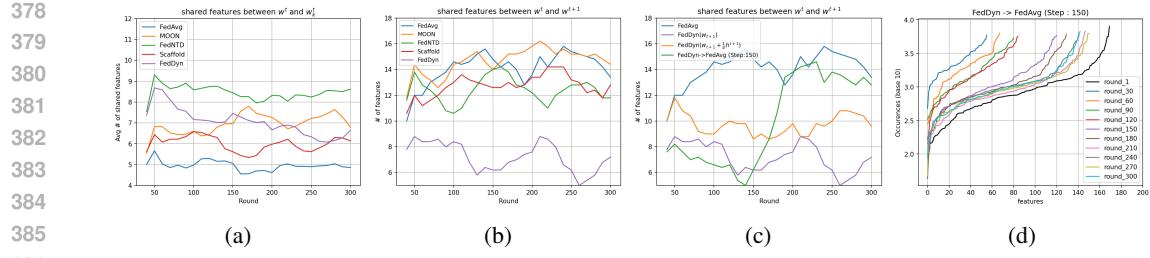


Figure 5: (a) represents the number of features shared between the current global model and local models, while (b),(c) represents the number of features shared between the current global model and the next global model. (d) represents the number of feature clusters over training rounds.

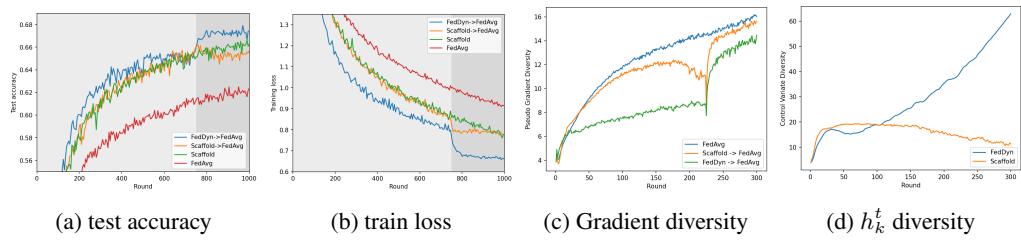


Figure 6: Comparison of Scaffold and FedDyn from the initialization perspectives on CIFAR100 dataset

in federated learning (Nguyen et al., 2023; Chen et al., 2023), while differing in methodology: our approach leverages model weights pre-trained within the federated environment itself, rather than those obtained in a centralized setting with external datasets.

4.3 REGULARIZATION METHOD

In Section 3.2, we described dynamic regularization as the most ideal form of regularization. We next examined this claim from the perspective of feature learning. In Figure 5a, we compare how well local models trained with different methods preserve the features of the current global model. FedNTD (Lee et al., 2022), which uses knowledge distillation, retains global features most effectively, while FedDyn also preserves them well, reaffirming the desirable properties of dynamic regularization.

In Figure 5b, we analyze how much the next global model retains the features of the current global model. Here, all methods except FedDyn behave similarly to FedAvg. To isolate the effect of the server control variate, we measured feature retention before applying the server update. As shown in Figure 5c, the reduced retention in FedDyn is caused by the compensation step using h^{t+1} . When fine-tuning with FedAvg after the pre-training step, the next global model not only preserves the current global features but also, as shown in Figure 5d, expands the total number of feature clusters.

Next, we compared FedDyn and Scaffold as initialization methods, given their similarities (Figure 6). Unlike FedDyn, Scaffold does not provide a good initialization point: FedAvg pre-trained with Scaffold performs worse than Scaffold itself. Still, for both methods, switching to FedAvg typically produces a sharp drop in training loss. The reason only FedDyn serves as a good initialization point for FedAvg is that FedDyn converges toward an approximated global stationary point, i.e., $\sum_k \nabla L_k(\theta_k^t) \rightarrow 0$. This property ensures that the weights obtained after FedDyn pre-training provide a stable and well-aligned starting point for subsequent FedAvg fine-tuning. The differences also appear in the diversity of pseudo gradients and control variates (Figures 6c and 6d). While both reduce pseudo gradient diversity compared to FedAvg, FedDyn achieves much lower diversity, and Scaffold’s control variate diversity does not increase noticeably.

Beyond these cases, federated learning includes many optimizers such as MOON (Li et al., 2021), FedNTD (Lee et al., 2022), FedNOVA (Wang et al., 2020b), FedMA (Wang et al., 2020a), FedAVGM (Hsu et al., 2019), and FedADAM (Reddi et al., 2021). Thus, numerous combinations of

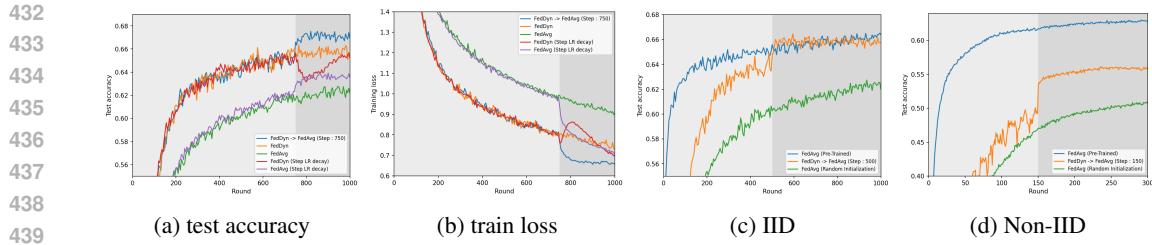


Figure 7: The differences between learning rate decay and regularization-based initialization in terms of (a) test accuracy (b) train loss. The experimental results comparing pre-training using a public dataset and pre-training using regularization in (c) IID and (d) Non-IID settings.

initialization and final-training methods are possible. In this work, however, we restrict our analysis to FedDyn, Scaffold, FedNTD, MOON and the baseline FedAvg, leaving exploration of broader combinations to future work.

5 FURTHER ANALYSIS

5.1 COMPARISON WITH LEARNING RATE DECAY

In Figure 4, the training dynamics of regularization-based initialization resemble those of step-decay learning rate schedules. This raises the question of whether careful learning rate decay could replicate the benefits of pre-training with regularization. To examine this, we compared our default schedule (decaying the learning rate by a fixed ratio each round) with a variant that additionally decays the learning rate by one tenth at the pre-training step in Algorithm 1. As shown in Figures 7a and 7b, the two approaches produce markedly different dynamics. Thus, simple learning rate adjustment cannot substitute for initialization through regularization.

5.2 COMPARISON TO PRE-TRAINING ON PUBLIC DATASET

Prior work on pre-training in federated learning (Chen et al., 2023; Nguyen et al., 2023) demonstrates that data heterogeneity can be alleviated by initializing with a model pre-trained on a large external dataset. While it is not directly comparable, since our approach relies solely on client data whereas theirs leverages a public dataset, we conducted experiments to gauge the upper bound of our method. Using CIFAR-100, we compared FedDyn-based pre-training with models pre-trained for five epochs on a downsampled ImageNet-1k dataset. Results are shown in Figure 7. In the IID case, despite faster convergence with ImageNet pre-training, the final test accuracy is similar to that achieved with FedDyn, highlighting the strong initialization effect of regularization. In contrast, under non-IID distributions, the performance gap becomes substantial, indicating that initialization plays an even more critical role when data is heterogeneous.

6 CONCLUSION AND FUTURE DIRECTION

While many methods have been proposed to mitigate data heterogeneity in federated learning, it remains unclear what distinct characteristics these methods truly exhibit. Prior work has largely focused on theoretical convergence rates, whereas this study examined algorithms from the perspective of clients' pseudo-gradients and their impact on the features learned by the model. Our analysis shows that regularization is not universally effective; instead, it is more beneficial as a pre-training strategy for FedAvg than as a standalone approach. Because data heterogeneity is closely tied to initialization, we argue that FL algorithms should be analyzed more carefully from the perspectives of initialization and fine-tuning. We acknowledge that our work does not settle the broader question of where different regularization methods ultimately converge or which convergence point is optimal. Rather, our aim was to challenge the assumption that regularization is always beneficial throughout the entire training process for addressing heterogeneity.

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A APPENDIX

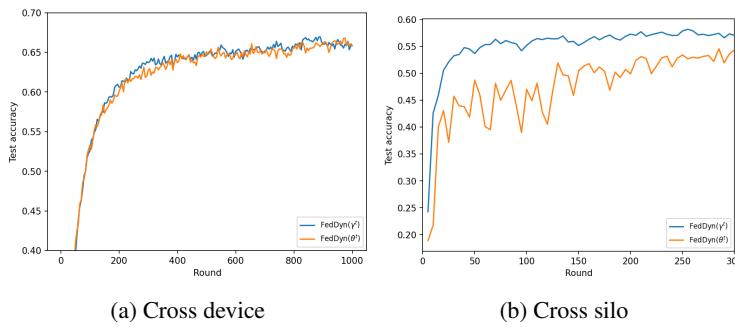
A.1 DIFFERENCE BETWEEN SERVER CONTROL VARIATES AND GLOBAL GRADIENTS

581 As discussed in Section 3.4, the server control variate h^t does not accurately approximate the
 582 global gradient. To further investigate its effect, we analyze in Figure 8 the impact of applying
 583 a single step update using h^t . As shown in Figure 8, the global model θ^t obtained by taking a
 584 single step from γ^t with h^t performs worse than the aggregation result γ^t itself. This tendency is
 585 more pronounced in cross-silo settings than in cross-device settings, which contributes to FedDyn
 586 performing worse than FedAvg in the cross-silo scenario. Thus, in FedDyn, h^t cannot be regarded
 587 as a reliable approximation of the global gradient.

A.2 MORE ABLATION STUDY

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589 **Switch point.** We present the results of an ablation study on the switch point. In the Table 2, we
 590 report three metrics: (1) the final accuracy of the global model, (2) the number of rounds required
 591 to reach the target accuracy - 67%, and (3) the total computational cost, all evaluated with respect
 592 to different switch points. We conducted federated learning for a total of 1000 rounds. When the
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Figure 8: Comparison of test accuracy: γ^t (aggregation) vs. $\theta^t = \gamma^t - \frac{1}{\alpha}h^t$ (global model).

switch round is set to 0, the method corresponds to FedAvg, whereas setting the switch round to 1000 results in FedDyn. As the switch round increases incrementally by 150 rounds, we observe a corresponding increase in the final accuracy. If the target accuracy for this federated learning setup is 67%, regularization should be maintained for at least 600 rounds. According to the benchmark results reported in Baumgart et al. (2024), the computational cost of FedDyn compared to FedAvg is at least 30% higher and can reach up to 300%, depending on the hardware type and model architecture. For simplicity, we assume that the computational cost of FedDyn is 50% higher than that of FedAvg, and we estimate the expected computational overhead of the algorithm based on the switch point. As shown in the table, delaying the switch to FedAvg results in higher final accuracy. However, this comes at the cost of increased computational overhead and a greater number of rounds required to reach the target accuracy. This highlights a trade-off between final accuracy and efficiency (in terms of both computation cost and convergence speed). Therefore, the server should choose the switch round based on specific requirements or constraints.

Table 2: Ablation study on the switch point: comparison of final accuracy, rounds to reach target accuracy (67%), and relative computation cost.

Switch round	0 (FedAvg)	1000 (FedDyn)	150	300	450	600	750	900
Final accuracy	62.58	65.71	63.87	64.98	65.94	66.99	67.13	67.71
Rounds to 67%	x	x	x	x	x	660	790	910
Computation cost	1	1.5	1.075	1.15	1.225	1.3	1.375	1.45

Effect of γ_{corr} and γ_{data} . We set $\gamma_{\text{corr}} = 0.5$ and define γ_{data} as the 90th percentile of all entries in normalized $v_{(m,k)}$. Here, γ_{corr} defines the threshold for determining whether two features should be considered the same, while γ_{data} controls how many data samples contain specific features. Since our analysis does not focus on the frequency of feature occurrence across data samples, we conducted an ablation study only on γ_{corr} , examining its effect on the total number of feature clusters. The results in Table 3 indicate that as γ_{corr} increases, the total number of feature clusters also increases. This is because a larger γ_{corr} imposes a stricter criterion, making it harder for two features to be regarded as the same.

Table 3: Effect of varying γ_{corr} on the number of feature clusters.

	$\gamma_{\text{corr}} = 0.3$	$\gamma_{\text{corr}} = 0.5$	$\gamma_{\text{corr}} = 0.7$
FedAvg	47	142	206
FedDyn	27	105	198

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A.3 OTHER METHODS FOR FINE-TUNING

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We evaluated other regularization-based methods such as FedNTD and Scaffold to assess their suitability for the second stage of training under a cross-device non-IID distribution using the CIFAR-100 dataset. We excluded MOON from our comparison because it requires modifications to the model architecture. As shown in Table 4, FedNTD is not effective during the second stage of training, whereas Scaffold performs comparably to FedAvg. Previous studies have demonstrated that the performance of federated learning algorithms does not differ significantly when models are properly initialized. Therefore, we argue that it is sufficient to use FedAvg in the second stage, as it introduces no additional computational or communication overhead.

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Table 4: Performance of different methods in the second stage of training under cross-device non-IID CIFAR-100.

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Method	FedDyn (continuous)	FedAvg	FedNTD	Scaffold
Accuracy	54.25	56.48	54.06	56.31

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A.4 PROOF OF SWITCHING POINT CONDITION

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In this appendix, we provide the detailed derivation leading to Proposition 1. Our goal is to analyze the effect of the server update vector h^t in FedDyn and establish conditions under which continued training with FedDyn ceases to be beneficial, thereby motivating a switch to FedAvg.

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Preliminaries. We build upon Lemma 1 of (Acar et al., 2021), which states:

$$\kappa_0 E[\ell(\gamma^{t-1}) - \ell(\theta_*)] \leq \Phi_{t-1} - \Phi_t, \quad (6)$$

where

$$\gamma^t = \frac{1}{P} \sum_{k \in P_t} \theta_k^t, \quad \Phi_t = E\|\gamma^t - \theta_*\|^2 + \kappa C_t.$$

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Bounding the Effect of h^t . To analyze the effect of the server update h^{t-1} , we expand:

$$\ell(\theta^{t-1}) = \ell(\gamma^{t-1} - \frac{1}{\alpha} h^{t-1}) \quad (7)$$

$$\leq \ell(\gamma^{t-1}) - \frac{1}{\alpha} \langle \nabla \ell(\gamma^{t-1}), h^{t-1} \rangle + \frac{L}{2\alpha^2} \|h^{t-1}\|^2 \quad (8)$$

$$\leq \ell(\gamma^{t-1}) + \frac{1}{2\alpha} \|\nabla \ell(\gamma^{t-1})\|^2 + \frac{1}{2\alpha} \|h^{t-1}\|^2 + \frac{L}{2\alpha^2} \|h^{t-1}\|^2 \quad (9)$$

$$= \ell(\gamma^{t-1}) + \frac{1}{2\alpha} \|\nabla \ell(\gamma^{t-1}) - \nabla \ell(\theta_*)\|^2 + \left(\frac{1}{2\alpha} + \frac{L}{2\alpha^2}\right) \|h^{t-1}\|^2 \quad (10)$$

$$\leq \ell(\gamma^{t-1}) + \frac{L}{\alpha} (\ell(\gamma^{t-1}) - \ell(\theta_*)) + \left(\frac{1}{2\alpha} + \frac{L}{2\alpha^2}\right) \|h^{t-1}\|^2. \quad (11)$$

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The first inequality follows from the descent lemma (Eq. (4) in (Acar et al., 2021)). The second inequality follows from $\|\nabla \ell(\gamma^{t-1}) + h^{t-1}\|^2 \geq 0$. The third uses $\nabla \ell(\theta_*) = 0$, and the last inequality uses $\frac{1}{2L} \|\nabla \ell(\gamma^{t-1})\|^2 \leq \ell(\gamma^{t-1}) - \ell(\theta_*)$.

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Upper Bound on the Expected Loss. Taking expectation and applying Lemma 1 yields:

$$E[\ell(\theta^{t-1}) - \ell(\theta_*)] \leq \frac{(1 + \frac{L}{\alpha})}{\kappa_0} (\Phi_{t-1} - \Phi_t) + \left(\frac{1}{2\alpha} + \frac{L}{2\alpha^2}\right) C_{t-1}. \quad (12)$$

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Summing over T rounds, we obtain:

$$\sum_{t=1}^T E[\ell(\theta^{t-1}) - \ell(\theta_*)] \leq \frac{(1 + \frac{L}{\alpha})(\Phi_0 - \Phi_T)}{\kappa_0} + \left(\frac{1}{2\alpha} + \frac{L}{2\alpha^2}\right) \sum_{t=1}^T C_{t-1}. \quad (13)$$

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Dividing by T , we define the cumulative upper bound:

$$D_T = \frac{1}{T} \left(\zeta + \eta \sum_{t=1}^T C_{t-1} \right), \quad (14)$$

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where

$$\zeta = \left(1 + \frac{L}{\alpha}\right) \frac{\Phi_0}{\kappa_0}, \quad \eta = \frac{1}{2\alpha} + \frac{L}{2\alpha^2}.$$

702 **Switching Condition.** We identify the switching point T as the smallest index such that $D_T \leq$
 703 D_{T+1} , i.e.,
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$$705 \quad T\eta\left(C_T - \frac{1}{T} \sum_{t=1}^T C_{t-1}\right) \geq \zeta. \quad (15)$$

707 This condition formalizes the tradeoff between the benefit of regularization and the cost induced by
 708 server-side compensation. When C_t is small, FedDyn remains beneficial; when C_t becomes large,
 709 switching to FedAvg is preferable.
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711 **Discussion.** Two remarks are in order: 1. The derivation uses $\|\nabla\ell(\gamma^{t-1}) + h^{t-1}\|^2 \geq 0$. Since
 712 h^{t-1} partially approximates the global gradient, this may appear loose. Empirically, however, γ^t
 713 achieves higher accuracy than θ^t in most cases, suggesting that h^t indeed fails to capture the global
 714 gradient, making the bound meaningful. 2. The inequality requires $C_T - \frac{1}{T} \sum_{t=1}^T C_{t-1} \geq 0$. Be-
 715 cause h^t does not approximate the global gradient uniformly across rounds, C_t need not decrease
 716 monotonically. Moreover, FedDyn enforces updates orthogonal to past gradients, making it plausi-
 717 ble for C_T to exceed its historical average.

718 **A.5 ALGORITHM**

721 **Algorithm 1** FedDyn to FedAvg

722 Initialization : $\theta^0, h^0 = \mathbf{0}, \nabla L_k(\theta_k^0) = \mathbf{0}$
 723 **Server executes:**
 724 **for** round $t = 0, 1, \dots, T - 1$ **do**
 725 $P_t \leftarrow$ Random Clients
 726 **for** each client $k \in P_t$, and in parallel **do**
 727 $\theta_k^{t+1} \leftarrow$ **Client_Update**(k, θ^t, t)
 728 **end for**
 729 $\theta^{t+1} = \frac{1}{|P_t|} \sum_{k \in P_t} \theta_k^{t+1}$
 730 **if** $t <$ Pre-training Step **then**
 731 $h^{t+1} = h^t - \alpha \frac{1}{m} \sum_{k \in P_t} (\theta_k^{t+1} - \theta^t)$
 732 $\theta^{t+1} = \theta^{t+1} - \frac{1}{\alpha} h^{t+1}$
 733 **end if**
 734 **end for**

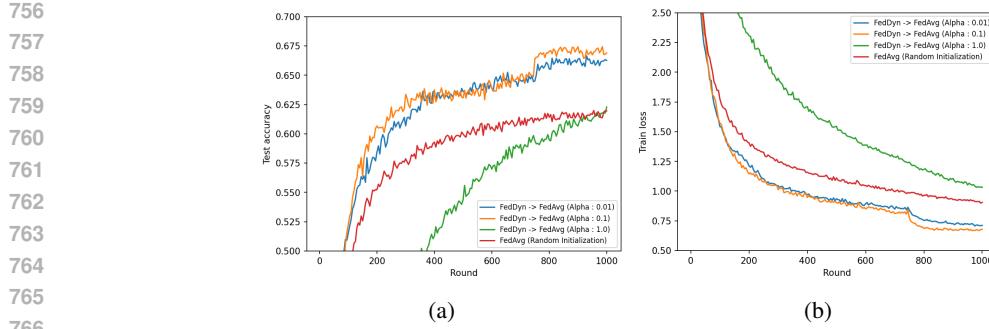
735 **Client_Update**(k, θ^t, t):
 736 $\theta_k^{t+1} \leftarrow \theta^t - \nabla L_k(\theta_k^t) \leftarrow \nabla L_k(\theta_k^{latest_updated})$
 737 **for** local epoch $e = 1, 2, \dots, E$ **do**
 738 **for** each mini batch \mathbf{b} **do**
 739 **if** $t <$ Pre-training Step **then**
 740 $L(\theta) = L_k(\theta) - \langle \nabla L_k(\theta_k^t), \theta \rangle + \frac{\alpha}{2} \|\theta - \theta^t\|^2$
 741 **end if**
 742 $\theta_k^{t+1} \leftarrow \theta_k^t - \eta \nabla L(\theta_k^{t+1}; \mathbf{b})$
 743 **end for**
 744 **end for**
 745 $\nabla L_k(\theta_k^{t+1}) \leftarrow \nabla L_k(\theta_k^t) - \alpha(\theta_k^{t+1} - \theta^t)$
 746 return θ_k^{t+1}

736 **A.6 ALPHA SENSITIVITY**

738 FedDyn utilizes client drift $\nabla L_k(\theta_k^t)$ to regularize each client’s local update, and the server updates
 739 the global model using h , which is the average of each client’s local drift. FedDyn’s results are
 740 sensitive to α , and hyperparameter search is necessary to find an appropriate α value. The α affects
 741 the scale of local drift $\nabla L_k(\theta_k^t)$, but when updating using h on the server, it is not affected by the
 742 α because it is rescaled by $\frac{1}{\alpha}$. In other words, the α value only affects the scale of local drift, and a
 743 large α means stronger regularization. We experimented with how the results of FedDyn \rightarrow FedAvg
 744 change as the alpha value changes. We experimented with the results of FedDyn \rightarrow FedAvg with
 745 varying the α value.

746 As shown in Figure 9, the results of FedDyn \rightarrow FedAvg vary depending on the α value. If α is too
 747 large, such as 1.0, it is worse than FedAvg, and when α is 0.1 or 0.01, the performance of FedDyn
 748 is similar regardless of the α value, but the performance after fine-tuning with FedAvg is different
 749 depending on the α value. We also experimented with how pseudo gradient diversity and local drift
 750 diversity change depending on the α value.

751 As shown in Figure 10, the smaller α , the higher the pseudo gradient diversity and the greater the
 752 local drift diversity. Conversely, as the α increases, gradient diversity decreases, but the converge
 753 speed is very slow due to excessive regularization. When the α value was 1.0, FedDyn \rightarrow FedAvg had
 754 no performance gain unlike other α values, which is presumed to be due to low local drift diversity.
 755 However, it seems very difficult to find the perfect α value that achieves fast converge while reducing
 local drift diversity, and it is unknown whether it exists. Instead, we propose a two-stage learning



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Figure 9: Test accuracy (a) and train loss (b) according to α value (CIFAR100: IID, 10% participation)

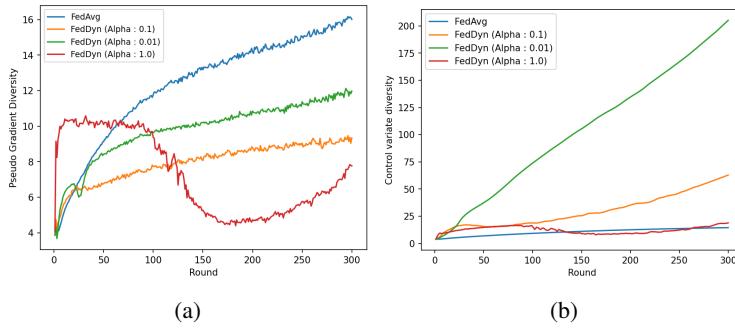


Figure 10: Pseudo gradient diversity (a) and local drift diversity (b) according to α value (CIFAR100: nonIID, Full participation)

method that first converges to a global stationary point where the summation of local drift becomes 0 through FedDyn and then fine-tunes with FedAvg.

A.7 ANALYSIS OF DYNAMIC REGULARIZATION

So, why is dynamic regularization, which reduces client drift by inducing updates in a direction orthogonal to the direction in which the client has updated so far, not always effective, and why is it converging to a good initialization point for FedAvg? To answer this question, we analyzed FedDyn’s training dynamics in more detail. First, FedDyn defines local drift $\nabla L_k(\theta_k^{t+1})$ as the accumulation of pseudo gradient $\theta_k^{t+1} - \theta^t$ and uses the local drift to regularize local updates. In the FedDyn paper, this definition of local drift is defined through the first order condition for local optima, but there is no guarantee that the first order condition for local optima will be satisfied during actual local update. What can be inferred from the subsequent experimental result is that local drift, defined as the accumulation of pseudo gradient, is meaningful in itself even if it is not justified as a first order condition for local optimality. Second, the server defines h state as the average of the local drift $\nabla L_k(\theta_k^{t+1})$ of clients, and then additionally updates the global model using the h after aggregation of local models. Regularization using $\nabla L_k(\theta_k^{t+1})$ and global model update using h are complementary to each other. FedDyn converges to the stationary point of global risk because the converge of θ^t implies $h = \sum_k \nabla L_k(\theta_k^{t+1}) \rightarrow 0$.

However, we found that FedDyn achieves $\sum_k \nabla L_k(\theta_k^{t+1}) \rightarrow 0$ by merely increasing the diversity of local drift $\nabla L_k(\theta_k^{t+1})$. We measured the diversity of the local drift $\nabla L_k(\theta_k^{t+1})$ of each client along Equation (1) as well as the pseudo gradient. In Figures 11a and 11b, the diversity of local drift is much larger than the diversity of pseudo gradient. In particular, when the number of clients is 10, the diversity of local drift is extremely high compared to the diversity of pseudo gradient, and this is assumed to be the reason for the poor performance of FedDyn when the number of clients is small. However, FedDyn makes the global model quickly converge to the stationary of global risk, and this stationary point seems to be a good initialization point for FedAvg. We conducted an ablation study

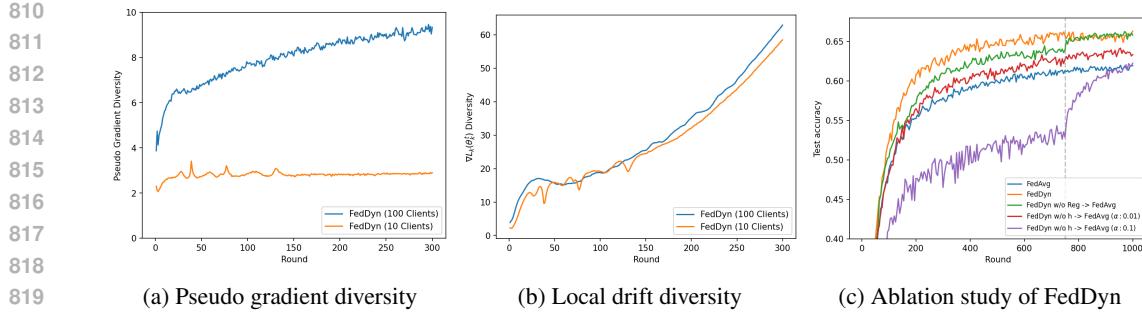


Figure 11: Training dynamics of FedDyn.

to analyze which of regularization using local drift on the client side and update using h on the server side contributes to increasing the diversity of local drift. As shown in the Section A.8, update on the server side using h contributes to increasing the diversity of local drift, and in Figure 11c, even without regularization, update on the server side using h helps fast converge of the global model. Note that in the absence of regularization, local drift $\nabla L_k(\theta_k^{t+1})$ is not derived from the first order condition of local optimality, but is simply the accumulation of the pseudo gradient. Considering that the local drift of each client is the accumulation of the pseudo gradient in every round, and that h on the server is the summation of local drift, an update using h on the server is a type of server momentum (Hsu et al., 2019). Conversely, when regularizing without updating using h on the server side, it is effective only when the α is small, that is, when regularization is applied weakly. Note that FedDyn w/o Reg → FedAvg is similar to the performance of FedDyn without any additional computational overhead unlike FedDyn.

A.8 ABLATION STUDY OF FEDDYN

Let's call FedDyn w/o Reg an algorithm that does not apply regularization in FedDyn, but calculates local drift $\nabla L_k(\theta_k^t)$ and h in the same way and updates the global model using h on the server. FedDyn w/o Reg is identical to FedDyn with $\alpha \rightarrow 0$. Conversely, let's call FedDyn w/o h an algorithm that only applies dynamic regularization in FedDyn and does not update using h . While FedDyn w/o Reg does the same local update as FedAvg, FedDyn w/o h has the same level of computational overhead as FedDyn. As shown in Figure 11c, FedDyn w/o Reg → FedAvg is effective enough to provide similar performance to FedDyn without any overhead. We analyzed whether the reason FedDyn → FedAvg is effective is because regularization has ended or because there are no longer updates using h .

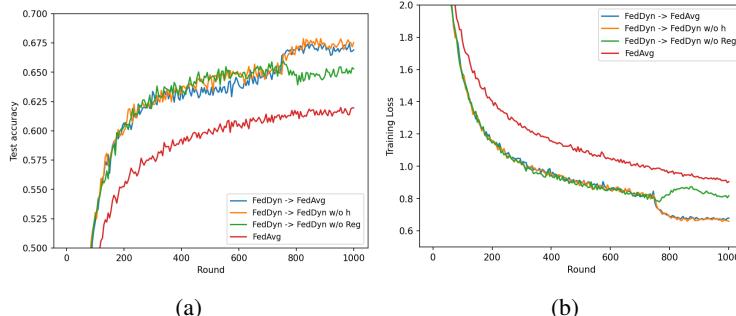


Figure 12: Test accuracy (a) and train loss (b) with fine-tuning with Modified FedDyn (CIFAR100: IID, 10% participation)

As shown in Figure 12, FedDyn → Fed w/o Reg is not much different from continuing to use FedDyn. In contrast, FedDyn → FedDyn w/o h shows almost similar performance to FedDyn → FedAvg. We tried to analyze the reason through pseudo gradient diversity and local drift diversity.

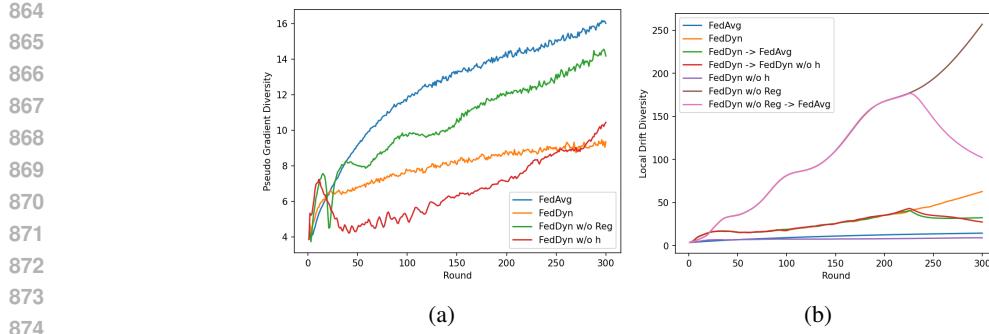


Figure 13: Pseudo gradient diversity (a) and local drift diversity (b) of Modified FedDyn (CIFAR100: nonIID, Full participation)

As shown in Figure 13, FedDyn w/o h shows lower pseudo gradient diversity and also lower local drift diversity compared to FedDyn. However, FedDyn w/o h has very slow convergence because there is no compensation for regularization. In contrast, FedDyn w/o Reg has higher pseudo gradient diversity than FedDyn and also has higher local drift diversity. The high local drift diversity of FedDyn w/o Reg explains the performance gain of FedDyn w/o Reg → FedAvg. In summary, regularization lowers pseudo gradient diversity, but requires compensation using h on the server, which in turn increases local drift diversity, falling into the stationary point of the global objective. And this stationary point is a good initialization point for FedAvg.

A.9 HYPERPARAMETER SETTING

Table 5: Hyperparameters and model architecture used in Cross-device experiments

Data	CIFAR10	CIFAR100	Tiny-ImageNet
Model	VGG-11	Resnet-20	Resnet-34
Hidden size	[64, 128, 256, 512]	[16, 32, 64]	[64, 128, 256, 512]
Client N		100	
Participation ratio C		10%	
Local Epoch E		5	
Local Batch Size B		50	
Optimizer		SGD	
Momentum		0.	
Weight decay		1e-3	
α (FedDyn)		0.1	
Communication rounds		1000	
Learning rate η		0.1	
Learning rate decay		0.999	

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936 Table 6: Hyperparameters and model architecture used in Cross-silo experiments
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Data	CIFAR10	CIFAR100	Tiny-ImageNet
Model	VGG-11	Resnet-20	Resnet-34
Hidden size	[64, 128, 256, 512]	[16, 32, 64]	[64, 128, 256, 512]
Client N		10	
Participation ratio C		100%	
Local Epoch E	1	5	1
Local Batch Size B		50	
Optimizer		SGD	
Momentum		0.	
Weight decay		1e-3	
α (FedDyn)		0.01	
Communication rounds		300	
Learning rate η		0.1	
Learning rate decay		0.99	

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