Patent Public Advisory Committee Meeting

USPTO Fiscal Update

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Chief Financial Officer
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Where we have been:

- Much uncertainty this year—i.e., filing levels, the effects of pricing changes on demand, budget sequestration.

- Made several downward budget revisions—at the beginning and middle of the year, and after budget sequestration.

- Budget sequestration in large part compelled us to reduce the patents side of our budget significantly.
  - IT took the brunt of cuts, with more than $70M in reductions.
  - Lack of a strong operating reserve necessitated deep cuts.

- Cuts necessary to account for the potential loss of $120M or more of patents fee revenue from budget sequestration.
Where we are:

- Filings/associated revenue have been better than expected.
  - Actual trend filing rate is 7.5% compared to 5.0% plan.

- Post fee rule revenue recovered more quickly than planned.
  - Currently running more than $30M ahead of revised plan levels.
  - Operating reserve could exceed the FY 12 end-of-year level ($111M).

- Offices within USPTO worked as a team to reach budget targets while minimizing near-term operational impacts.

- Of the estimated sequestered fee level of $120M for patents fees, over $95M has been set aside so far (through 8/2).
Where we are going:

 Strong revenue is expected to continue into next year.
   ➔ Building an FY 14 spend plan to match operational needs.
   ➔ The IT program will be funded to get back on track.
   ➔ Patents operating reserve should continue to grow.

 Some very limited funding items added back for this year.
   ➔ Primarily limited patent examiner hiring and support hiring.
   ➔ Caution on spending still appropriate for the remainder of this year.

 Building a strong FY 14 spend plan. Primary challenge: constraint imposed by a continuing resolution (CR).
   ➔ Should know CR specifics in late September. Continuing budgetary stalemate could affect the pace of our spending in FY 14.
FY 2015 Budget Planning:

- We will submit an FY 15 budget proposal to OMB in Sept.
  - PPAC will be provided a copy to review. Any feedback is welcome as we revise the proposal during the fall.

- No directional changes of significance are planned.
  - Budget will build on growth in FY 14 particularly for our IT modernization program.

- Revenue is currently projected to continue to be strong, and will assume 6.0% patent filing growth level.
  - Our FY 15 forecasting efforts will continue into the fall and will be updated by December with the latest information and trend data.
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Strategic Planning:

USPTO has been working to update its Strategic Plan.
- Plan will cover FY 14 – FY 18.
- OCFO has the coordinating role within USPTO.

Internal process has been ongoing for several months, though we are still early in the process.
- Initial goal is to produce a proposed Plan framework.
- Full draft of Plan will come later in the fall.

PPAC and the larger stakeholder community will be integral partners in development of this Strategic Plan.
- We will provide the Plan framework for your feedback soon.
- Full scope and timing of public input is being developed.
Questions and Comments?

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