

# Patent Public Advisory Committee Meeting

## USPTO Budget Update Public Session



Tony Scardino  
Chief Financial Officer  
September 27, 2012



# FY 2012 Resource Status

## Current fiscal status looks good

- Estimated Patents revenue for FY 2012 has been reduced \$115 million since the February President's budget.
- However, we have implemented spending adjustments on the Patents side of our budget by \$93 million.
- Operating reserve estimate was \$121 million under the President's budget. The current estimate is about \$105 million, or \$16 million less.



# FY 2013 Budget Dynamic

## Significant uncertainty as we enter FY 2013

- Government agencies will operate under an 6-month continuing resolution (CR).
  - CR authority will be provided at the FY 2012 appropriations level – for us that is \$2.7 billion.
  - USPTO will need to monitor spending carefully, but this appropriations level should be sufficient for a 6-month period.
  - It is not clear, however, how the budget situation will play out for the full year and caution on spending will be necessary.



# FY 2013 Budget Dynamic

- Potential of budget sequestration is looming
  - Without a pathway to a long term, government-wide budget agreement, so-called “budget sequestration” could be implemented with across-the-board spending cuts to programs.
  - USPTO has been deemed subject to sequestration, and the potential level of sequester is \$242 million.
  - While a large reduction, USPTO does not expect noticeable operating impacts if a sequester is put into place.



# FY 2013 Budget Dynamic

- Fee rulemaking implementation
  - The timing of implementation of the Sec. 10 fee update during FY 2013 could affect total planned revenue levels.
    - Striving for no later than an April 15th implementation, though this may be difficult to achieve.
  - Our timeline is important, but more important is having a strong rule with well-justified fee levels, that appropriately considers stakeholder feedback.
  - Fees adjusted by our final CPI rule go into effect on October 5th. Potential surge and post-surge effects are not clear at this time.



# FY 2013 Operating Plan

## USPTO is revisiting its budgetary needs for FY 2013

- This re-look is tied to both our plan to recalibrate hiring plans, and an uncertain revenue environment.
  - Patent examiner hiring levels planned for FY 2013 are being reevaluated to ensure that examiner staffing is at an optimal level given pendency and backlog goals. Associated support hiring is also being re-assessed.
  - USPTO will have contingency plans on spending in place in the event revenue does not materialize at anticipated levels.



# FY 2014 Budget

## USPTO is developing an FY 2014 Budget

- Submitted an initial draft to OMB on September 10th.
- PPAC is reviewing our initial draft, and we will continue to work closely with them as our estimates are refined.
- We will complete a budget by January, with a release to the Congress in February.