

Patent Public Advisory Committee Meeting

USPTO Fiscal Update



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USPTO Fiscal Update

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.



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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).



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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.



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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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