USPTO: status of the patent financial business

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May 6, 2021

Patent Public Advisory Committee quarterly meeting
Agenda

• FY 2021: financial position and status of the business

• Next steps for the budget
  – FY 2022 President’s Budget to Congress
  – FY 2023 budget formulation
FY 2021 status: financial outlook

<table>
<thead>
<tr>
<th></th>
<th>$ in millions</th>
<th>USPTO</th>
<th>Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriated Fee Collections</td>
<td>$3,695.3</td>
<td>$3,250.7</td>
<td></td>
</tr>
<tr>
<td>Preliminary Adjustment for End of Year Fee Collections</td>
<td>(131.1)</td>
<td>(152.3)</td>
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<tr>
<td><strong>FY 2021 Estimated Fee Collections</strong></td>
<td><strong>$3,564.2</strong></td>
<td><strong>$3,098.4</strong></td>
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<tr>
<td>Carryover and other income (less OIG transfer)</td>
<td>$563.2</td>
<td>$440.6</td>
<td></td>
</tr>
<tr>
<td>Patent and Trademark Fee Reserve Fund Reprogramming</td>
<td>231.9</td>
<td>215.5</td>
<td></td>
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<tr>
<td><strong>Total FY 2021 Projected Budget Authority</strong></td>
<td><strong>$4,359.3</strong></td>
<td><strong>$3,754.5</strong></td>
<td></td>
</tr>
<tr>
<td>Total Projected End of Year Spending</td>
<td>(3,852.2)</td>
<td>(3,427.7)</td>
<td></td>
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<tr>
<td><strong>Projected End of Year Operating Reserve</strong></td>
<td><strong>$507.1</strong></td>
<td><strong>$326.8</strong></td>
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- **Spending**
  - Patent spending is currently planned at $3.43B. This is slightly higher than the planned spending level from the beginning of the year
  - The agency recently completed its annual midyear review and identified spending priorities

- **Operating Reserve**
  - Congress has approved the USPTO’s request to reprogram the funding deposited in the PTFRF to USPTO’s salaries and expense fund
  - The patent operating reserve is projected at $326.8M
FY 2021 status: FY 2021 vs FY 2020 revenue change

Patent Collections: FY21 vs FY20 10-40-Day Moving Average % Change
FY 2021 status: annualized revenue and EOY projections
Next steps for the budget

• FY 2022 President’s Budget
  – The USPTO budget is tentatively due to Congress in late May
  – PPAC received a draft to review late April

• FY 2023 Budget Formulation
  – Kicking off process in the spring
    • Process includes re-baselining FY 2022 requirements and revenue estimates
    • Agency will evaluate aggregate revenue and aggregate cost for decisions related to initiating a new fee setting effort
  – Provide draft document to PACs, DOC, and OMB for review in August
  – Submit final budget to OMB in September
Thank you!

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