

Patent Public Advisory Committee Meeting

USPTO Budget Update



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FY 2013 Resource Status

Outlook for FY 2013: caution is needed

- Patents budget totals about \$2.5 billion, with projected spending and offsetting revenue/other income of about \$2.5 billion.
- Revenue is currently tracking below estimates though with just 2 months of the fiscal year complete, trends are difficult to ascertain.
- The operating reserve brought into FY 2013 totaled approximately \$110 million.



FY 2013 Resource Status

- We are proceeding cautiously on spending.
 - Continuing to rescrub office spend plans.
 - Strong financial controls are in place in tandem with active monitoring and reporting.
 - Patent examiner hiring was recalibrated to reflect necessary hiring to meet pendency and backlog reduction targets.
 - Planned support hiring has been slowed.
- Contingency plans on spending are being developed in the event revenue does not materialize to anticipated levels.



FY 2013 Resource Status

- Timing of Sec. 10 final fee rule could affect revenue
 - Striving for no later than an April 1st implementation, though this may be difficult to achieve.
 - Timeline is important, but more important is having a strong rule with well-justified fee levels, that appropriately accounts for stakeholder feedback.
- Current six-month continuing resolution (CR) limits overall spending.
 - CR authority for USPTO is based on a \$2.7 billion appropriation.
 - This level should be sufficient for a 6-month period; an extension beyond this period could prove more challenging.



FY 2013 Resource Status

- 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.
 - Sequestration could also impact the overall condition of the national economy which could affect filings and fee collections.



FY 2014 Budget

USPTO is developing a FY 2014 Budget

- Submitted an initial draft to OMB on September 10th. PPAC received this draft, and will receive an updated version for review in early January.
- No significant program and funding changes are anticipated at this time.
- Still planning to complete a budget by January, with a release to the Congress in February. Delays could occur if discussions on the fiscal cliff continue.