

**UNITED STATES  
PATENT AND TRADEMARK OFFICE**



# USPTO financial status update

Jay Hoffman

Chief Financial Officer

November 18, 2021

Patent Public Advisory Committee quarterly meeting

UNITED STATES  
PATENT AND TRADEMARK OFFICE

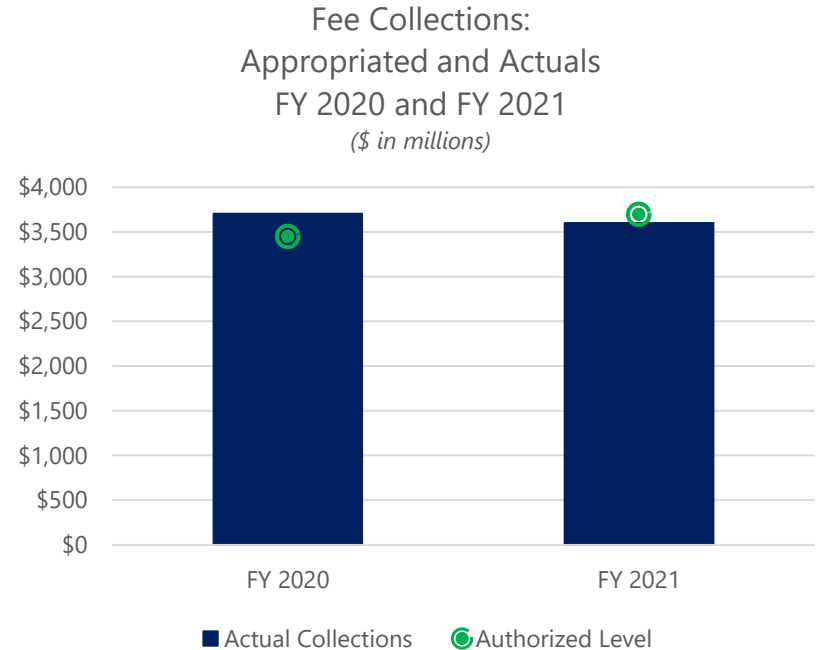


# Agenda

- FY 2021: financial recap of last year
- FY 2022: starting a new year
  - planning assumptions
  - status
- On the horizon: FY 2023 budget

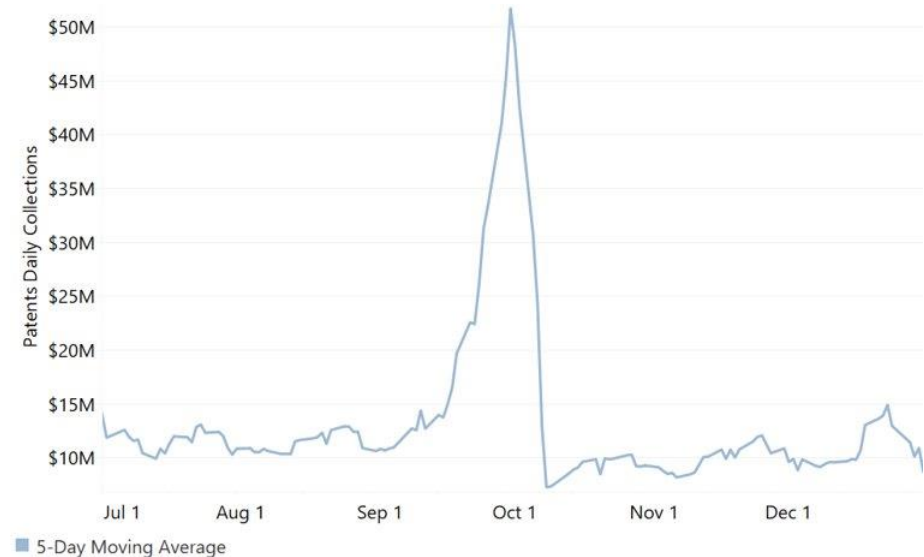
# FY 2021 recap: total fee collections

- USPTO total FY 2021 fee collections were \$3.6 billion
  - \$95M below FY 2021 spending authority of \$3.7B (appropriated amount)
  - \$102M below FY 2020 total collections of \$3.7B

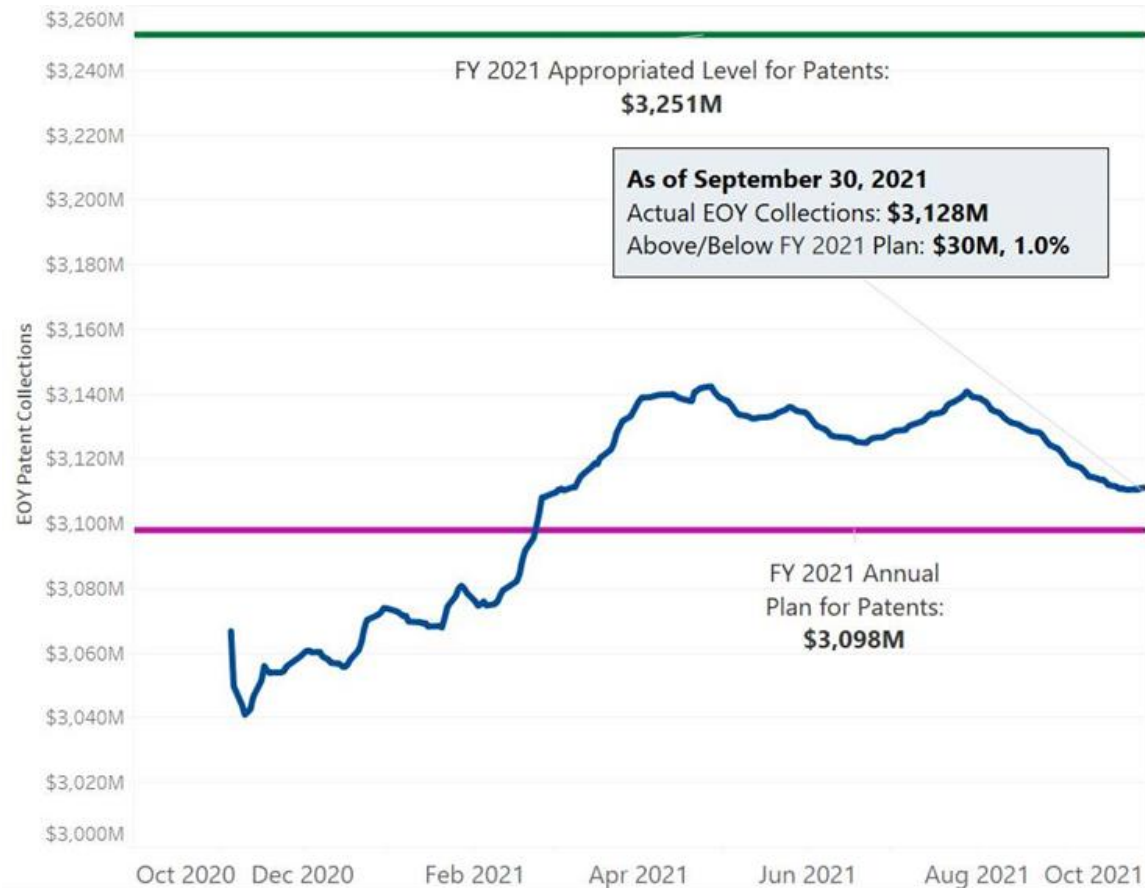


# FY 2021 recap: timing of fee collections

- Actual FY 2020 fee collections exceeded the appropriated level due to the timing of the fee rule implemented on October 2, 2020
- USPTO received \$266M in FY 2020 that would have been collected in FY 2021
  - \$232M of total fees (\$215M in patent fees) were deposited into the Patent and Trademark Fee Reserve Fund (PTFRF) at the end of FY 2020
  - FY 2021 fee collections were artificially low



# FY 2021 recap: Patent fee collections

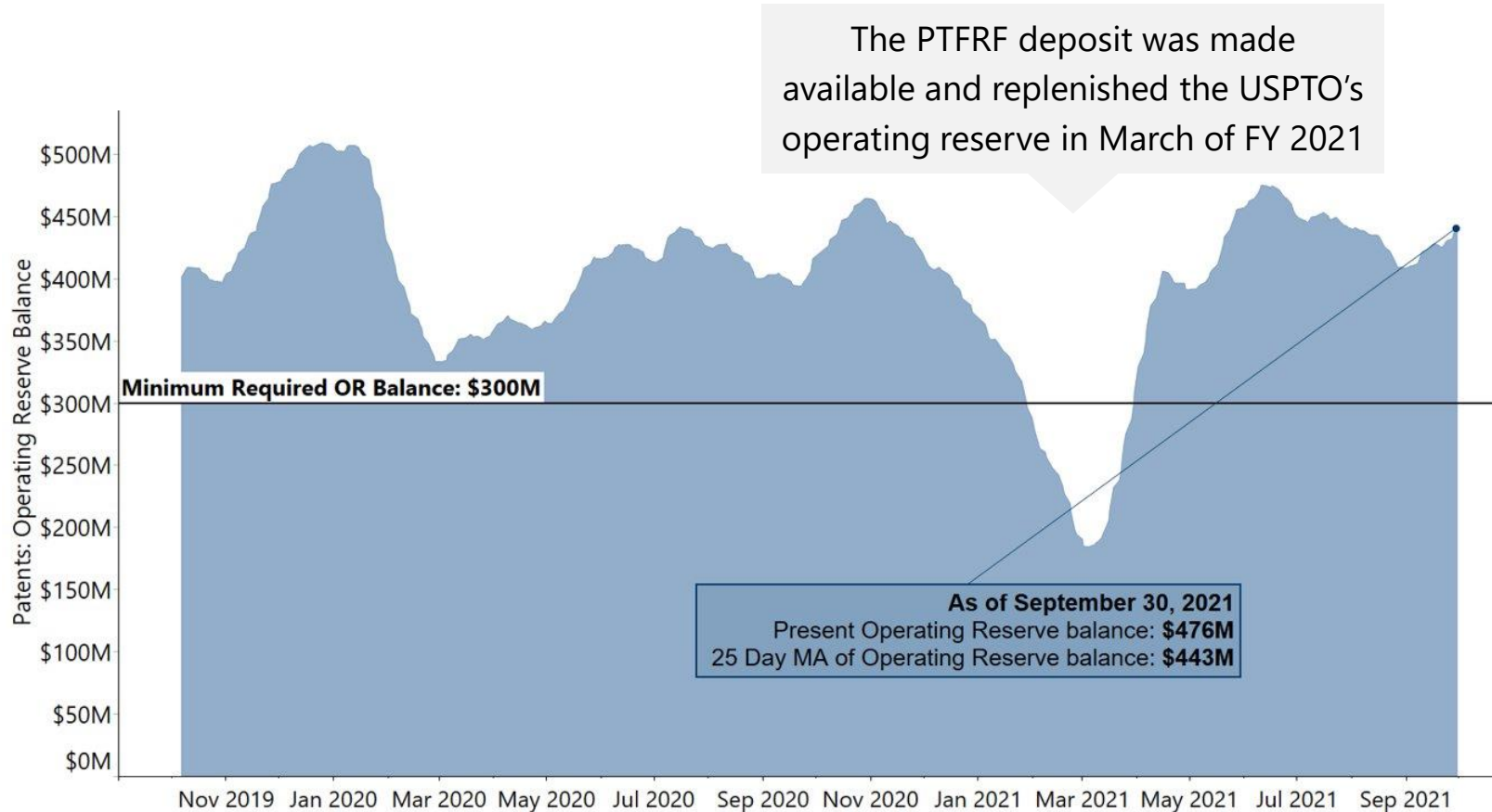


# FY 2021 recap: Patent financial results

<i>\$ in millions</i>	FY 2021 Plan (from the FY 2022 PB)	FY 2021 Actuals	Variance
+ Patent fee collections and other income	\$3,144	\$3,183	\$39
- Patent obligations (spending)	\$3,415	\$3,319	(\$96)
<b>Net result</b>	<b>(\$271)</b>	<b>(\$136)</b>	<b>\$135</b>
Transfer from PTFRF	\$215	\$215	--
<b>Total contribution to operating reserve</b>	<b>(\$56)</b>	<b>\$79</b>	<b>\$135</b>

- Fee collections for the fiscal year ended above the FY 2021 levels planned for in the FY 2022 President's Budget due to higher than expected filing and maintenance fee collections
- Spending for the fiscal year ended slightly below the FY 2021 levels planned for in the FY 2022 President's Budget
  - Spending was lower than planned primarily due to timing differences of spending between FY 2021 and FY 2022, under-execution of hiring plan, and under-execution of spending

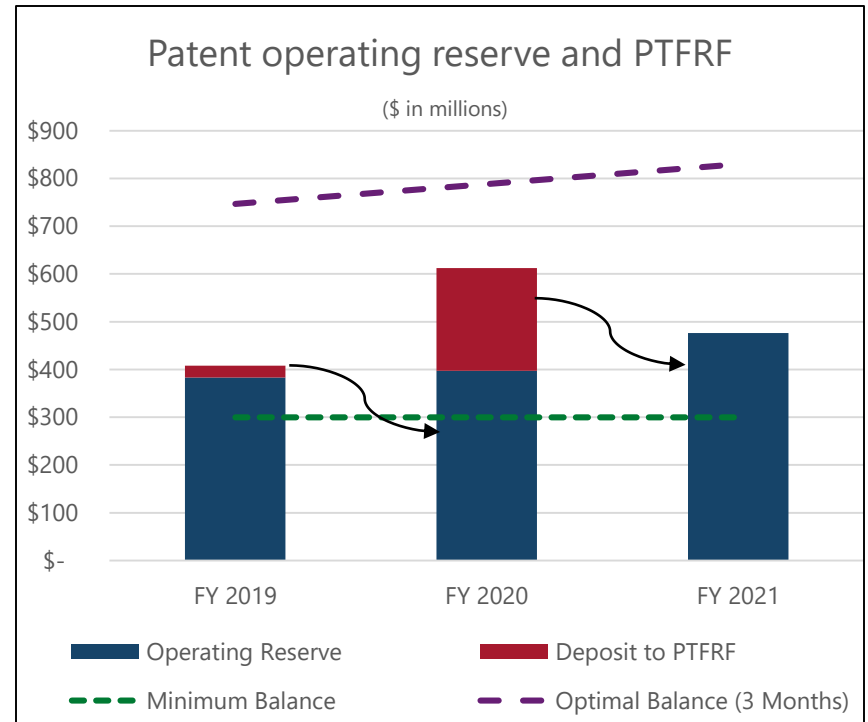
# FY 2021 recap: Patent operating reserve





# FY 2021 recap: Patent operating reserve (cont.)

- Ended FY 2021 with \$476M in patent operating reserve
  - The agency is making progress toward achieving the optimal operating reserve level
  - The higher reserve level will allow USPTO to mitigate risk of unpredictable demand changes and financial uncertainties



# FY 2022 President's Budget planning assumptions\*

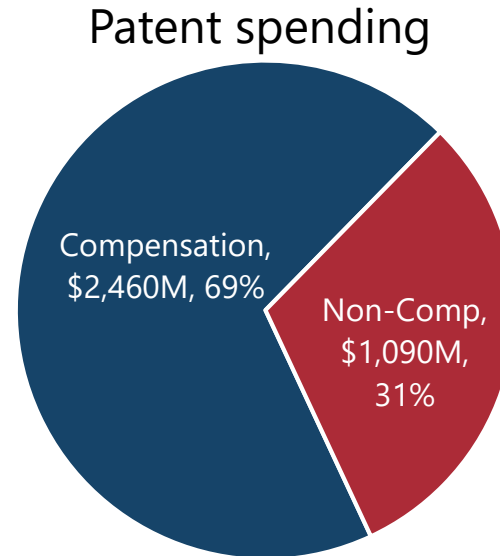
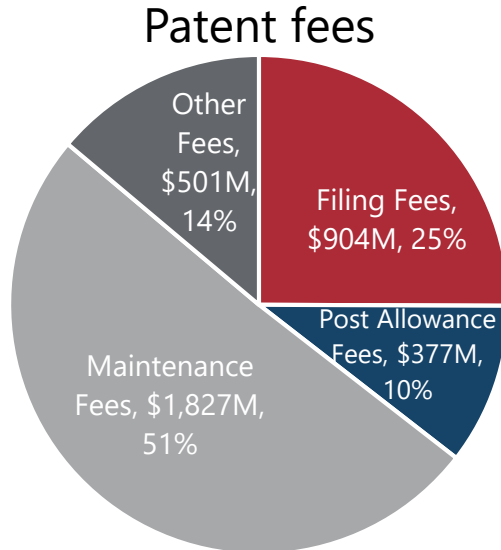
- **Estimated fee collections: \$3.608B**
  - Serialized filings: 1.5% increase in FY 2022 from FY 2021; growth resuming to 2.0% in FY 2023
  - Renewal rates are projected to be slightly lower through FY 2022 and patents available to be renewed higher
- **Projected spending: \$3.550B**
  - Assumes pay raise of 2.7% for an estimated USPTO staff of 13,723
  - Total IT spending planned at \$759M with a focus on priority areas (e.g., AI and investing in a modern infrastructure). Includes reducing technical debt, improving failover/resiliency, and a cloud first posture
  - Examiner hires: 500 (net increase of 113)
- **BOY operating reserve: \$341M and EOY operating reserve: \$386M**
  - Expected growth; continue making progress toward the optimal operating reserve level
- **PTFRF ending balance: \$58.0M\*\***

\*FY 2022 outlook and assumptions will change during the year

\*\*The PTFRF level estimated is dependent on congressional appropriations levels that have yet to be determined



# FY 2022 President's Budget – planned patent business line fees and spending



# FY 2022 status: funding available during CR

<i>\$ in millions</i>	Patent	Trademark	Total USPTO
Fee collections (CR authorized level through Dec 3 <sup>rd</sup> *)	\$569.6	\$77.9	\$647.4
+ Operating reserve balance (apportioned carryover)	\$457.7	\$199.7	\$657.4
+ Other income (expected through Dec 3 <sup>rd</sup> )	\$7.5	\$1.8	\$9.3
<b>Total funding sources available through Dec 3<sup>rd</sup></b>	<b>\$1,034.8</b>	<b>\$279.4</b>	<b>\$1,314.2</b>

\*\* amount premised on fees collected up to the CR level

- The Extending Government Funding and Delivering Emergency Assistance Act** passed on September 30, 2021. It funds the federal government under a continuing resolution (CR) through December 3, 2021
  - The USPTO is held to an adjusted spending level calculated from the FY 2021 appropriated level of \$3.695B
    - This level is \$299M lower than USPTO’s requested appropriation level for FY 2022
  - The USPTO is also authorized to spend carryover (operating reserve balance) and other income

# FY 2022 status: appropriation

- The House Commerce, Justice, and Science (CJS) subcommittee marked the USPTO budget at \$3.994B
  - This level aligns to the USPTO's estimated FY 2022 spending level
- The Senate CJS subcommittee marked the USPTO budget at \$4.058B
  - This level aligns to the USPTO's estimated fee collection level
- Congress will reconcile this difference in the final appropriations bill

# On the horizon

- FY 2023 budget
  - USPTO’s FY 2023 budget request was submitted to the White House Office of Management and Budget (OMB) on September 13, 2021
  - The President’s FY 2023 Budget should be submitted to Congress in early February 2022
  - USPTO expects that appropriation hearings will be held for DOC’s FY 2023 Budget by the House and Senate CJS subcommittees next spring



# Thank you!

**Jay Hoffman**

Chief Financial Officer

[jay.hoffman@uspto.gov](mailto:jay.hoffman@uspto.gov)

(571) 272-9200

[www.uspto.gov](http://www.uspto.gov)