

**DEPARTMENT OF COMMERCE**  
 Patent and Trademark Office  
 Salaries and Expenses  
**JUSTIFICATION OF ADJUSTMENTS TO BASE**  
 (Dollars in thousands)

	<u>FTP</u>	<u>FTE</u>	<u>Amount</u>
<u>Adjustments</u>	(261)	0	(1,414)
Full-Time Permanent Position (FTP) Adjustment..... (261)			
The PTO is adjusting the number of Full-Time Permanent Positions (FTP) in an effort to realign FTP to FTE in FY 2001. The adjustments are for unfunded and unfilled positions and do not impact on any personnel in the PTO but does represent our FTP's more accurately in relation to our FTE's.			
Transfer to GA Security from Bureaus..... (1,414)			
A transfer of \$1,414,000 from the PTO Working Capital Fund to GA for security.			
<u>2000 Pay Raise</u>	0	0	4,778
Full Year of 2000 pay increase and related costs			
A pay raise of 4.8% is to be effective January 1, 2000.			
Total cost in 2001 of 2000 pay increase..... 17,917,000			
Less amount funded in 2000..... -13,139,000			
Less amount absorbed..... 0			
Amount requested in 2001 to provide full-year cost of 2000 pay increase..... 4,778,000			
Total cost of Working Capital Find increase..... 0			
Less amount funded in 2000..... 0			
Total, adjustment for 2000 pay increase..... 4,778,000			

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2001 Pay Raise	0	0	12,661

A general pay raise of 3.7% is assumed to be effective January 1, 2001.

Total cost in 2001 of pay increase.....	12,567,000
Less amount absorbed in FY 2001.....	0
Amount requested for 2001 pay increase.....	12,567,000
Payment to Working Capital Fund.....	94,000
Total, adjustment for 2001 pay increase.....	12,661,000

Full-year cost in 2001 of positions financed for part-year in 2000	0	107	3,958
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An increase of \$3,957,656 is required to fund the full-year cost in 2001 of positions financed for part-year in 2000. The computation follows:

Annual salary of new positions in 2000.....	232	12,090,448
2000 Pay Raise.....	0	580,342
Less 5 percent lapse.....	-12	-633,540
Full-year cost of personnel compensation.....	220	12,037,250
Less personnel compensation in 2000.....	-113	-8,985,202
Cost of personnel compensation in 2001.....	107	3,052,048
Adjustment for 2001 pay raise (.037 x .75 x \$3,052,048).....	0	84,694
Amount required for personnel compensation.....	0	3,136,742
Benefits.....	0	820,914
Total adjustment-to-base.....	107	3,957,656

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Within-grade step increases	0	0	5,026
<p>An increase of \$5,026,028 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 2001.</p>			
Estimated number of within-grade step increases.....			3,346
Step increases not earned due to turnover (9.5% x 3,346).....			318
Average step above step 1 per separation.....			3
Average cost per within-grade step increase.....			1,776
Gross cost of scheduled step increase (\$1,776 x 3,346).....			5,942,496
Less savings due to separations (\$1,776 x 318 x 3).....			-1,694,304
Subtotal, personnel compensation.....			4,248,192
Benefits.....			777,836
Total adjustment-to-base.....			5,026,028
Change in compensable days	0	0	(1,760)
<p>The decreased cost of one less compensable day in 2001 compared to 2000 is calculated by dividing the 2000 estimated personnel compensation (\$397,123,000) and applicable benefits (\$63,301,000) by 261 compensable days. The cost decrease of one less compensable day is \$1,760,245.</p>			

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Civil Service Retirement System (CSRS)	0	0	(2,752)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 29.4% in 2000 to 20.9% in 2001 for regular employees. The contribution rate of 8.51% remained the same from FY 2000 to FY 2001.

Regular:

2001 \$380,385,000 x .209 x .0851.....	6,765,490	
2000 \$380,385,000 x .294 x .0851.....	-9,517,004	
Total adjustment-to-base.....	-2,751,514	

Federal Employees Retirement System (FERS)	0	0	3,460
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The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 70.6% in 2000 to 79.1% in 2001 for regular employees. The contribution rate of 10.7% will remain the same from FY 2000 to FY 2001 for regular employees.

Regular:

2001 \$380,385,000 x .791 x .107.....	32,194,645	
2000 \$380,385,000 x .706 x .107.....	-28,735,044	
Total adjustment-to-base.....	3,459,601	

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Thrift Savings Plan (TSP)	0	0	647
<p>The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2%.</p>			
Regular:			
2001 \$380,385,000 x .791 x .02.....			6,017,691
2000 \$380,385,000 x .706 x .02.....			-5,371,036
Total adjustment-to-base.....			646,655
Federal Insurance Contribution Act (FICA)	0	0	2,154
<p>As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI will rise from \$73,275 in 2000 to \$78,450 in 2001. The OASDI tax rate will remain 6.2% in 2001.</p>			
Regular:			
2001 \$380,385,000 x .791 x .986 x .062.....			18,393,673
2000 \$380,385,000 x .706 x .984 x .062.....			-16,383,809
Subtotal.....			2,009,864
Other:			
2001 \$27,338,958 x .791 x .986 x .062.....			1,321,987
2000 \$27,338,958 x .706 x .984 x .062.....			-1,177,534
Subtotal.....			144,453
Total adjustment-to-base.....			2,154,317

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<u>Health Insurance</u>	0	0	2,453
<p>Effective January 1998, PTO's contribution to Federal employees' health insurance premiums increased by 13.04%. Applied against the 2000 estimate of \$18,812,000 the amount of increase \$2,453,085.</p>			
<u>Employees' Compensation Fund</u>	0	0	11
<p>The Employees' Compensation Fund bill for the year ending June 30, 2001, is \$11,000 more than the bill for the year ending June 30, 2000. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.</p>			
<u>Travel</u>	0	0	50
<p>A adjustment-to-base for the additional cost anticipated for purchases of airline tickets in contracting with a travel agency under the new travel method in the amount of \$50,000.</p>			
<u>Rental Payments to GSA</u>	0	0	1,243
<p>GSA rates are projected to increase 2.1% in 2001. This percentage was applied to the 2000 estimate of \$59,175,000 to arrive at an increase of \$1,242,675.</p>			

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<u>GPO Printing</u>	0	0	1,606
<p>GPO has provided an estimated rate increase of 3.3%. This percentage was applied as follows.</p>			
Other GPO Printing: The percentage was applied to the 2000 estimate of \$3,640,000 to arrive at an increase of \$120,120.....			120,120
Trademark GPO Printing: The percentage was applied to the 2000 estimate of \$2,056,000 to arrive at an increase of \$67,848.....			67,848
Patent GPO Printing: The percentage was applied to the 2000 estimate of \$42,971,000 to arrive at an increase of \$1,418,043.....			1,418,043
Total GPO Printing adjustments-to-base.....			1,606,011
<u>Working Capital Fund</u>	0	0	149
<p>An additional \$149,000 is required to fund cost increases in the Department Working Capital Fund to maintain the current level of operations.</p>			
<u>Executive Development and Leadership Training</u>	0	0	165
<p>Consistent with the Department of Commerce SES 2000 plan \$5,000 is allocated for development and leadership training for each Senior Executive Service onboard position. Currently the PTO has 33 SES onboard positions. The PTO is requesting a total of \$165,000 (33 x \$5,000) for executive leadership and development training.</p>			

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National Archives and Records Administration (NARA) storage costs	0	0	(103)
In FY 2000, NARA began billing agencies for records storage and maintenance costs. Record center holdings are expected to decrease in FY 2001 The FY 2001 estimate for the PTO is -\$103,169.			
Commerce Administrative Management System (CAMS Bureau Specific)	0	0	783
An adjustment-to-base of \$783,000 is required for the Commerce Administrative Management System.			
General Pricing Level Adjustment	0	0	3,789
This request applies OMB economic assumptions for 2000 to subobject classes where the prices that the Government pays are established through the market system. Factors are applied to transportation of things (\$6,750); rental payments to others (\$7,755); communications, utilities, miscellaneous charges (excluding postage and FTS) (\$108,810); other services (\$2,892,060); supplies and materials (\$236,190); and equipment (\$536,280).			
SubTotal, other changes	0	107	38,318
Total, adjustments-to-base	(261)	107	36,904