

# FY 2001 Budget Estimate Defense Security Service (DSS)





**DEFENSE SECURITY SERVICE**  
**Operation and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2001 Budget Estimates**  
**DSS Highlights**

**(\$ in Millions)**

**Summary:**

The Defense Security Service (DSS) is under the direction, authority and control of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence). DSS provides security services to the Department of Defense (DoD) through the integration of personnel security, industrial security, security training and education, information systems security and counterintelligence. Due to the integration of security services, combined with intelligence threat data, the DSS is uniquely positioned to facilitate the application of threat-appropriate security countermeasures.

The three primary business areas that comprise the DSS mission are the Personnel Security Investigations (PSI), whose investigations are used by the DoD adjudicative facilities to determine an individual's suitability to enter the armed forces, to access classified information, or to hold a sensitive position within the DoD. The National Industrial Security Program (NISP), which primarily ensures that private industry, colleges, and universities that perform government contracts or research safeguard classified information in their possession. The Security Training and Education Program (the DSS Academy-DSSA) provides security education and training programs to support DSS components, DOD agencies, military departments and contractors. The Academy offers formal classroom training, computer-based training, correspondence and distance learning. The remainder of the DSS budget funds NFIP counterintelligence activities and O&M/R&D activities of the Department of Defense Polygraph Institute.

The majority of the DSS workload is driven by executive order requirements to ensure that appropriate security measures are taken when safeguarding classified material, either by DoD or contractor personnel.

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	(\$ in Millions)			FY 2000 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2001 <u>Estimate</u>
	FY 1999 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>				
BA 3: Training and Recruiting	9.207	0.168	(2.121)	7.254	0.170	0.021	7.445
BA 4: Administration and Service-wide Activities	75.102	1.195	52.081	128.378	1.388	(2.837)	126.929

**Narrative Explanation of Changes:**

BA 3: Training and Recruiting (FY2000 to FY2001).

Price change of \$0.2M includes annualization of FY2000/2001 pay raise and other inflation. Program change is negligible.

BA 4: Administration and Activities (FY2000 to FY2001).

Price change of \$1.4M includes annualization of FY2000/2001 pay raise and other inflation. Program changes includes: \$10.0M for Case Control Management System interface requirements with a Federal Bureau of Investigation system and for establishment of a program management office; \$3.0M increase for industrial facilities; (\$0.4M) decrease in Defense Finance and Accounting Service transaction based fees; \$0.8 to support the Defense Joint Counterintelligence Program (DJCIP) by increasing FTEs by 6; \$0.4M offset to FY2000 congressional takes; (\$8.4M) reduction of FY1998 workload carried into the DSS DWCF (not covered by customer rates); (\$1.5M) program offset due to FY2001 price change; (\$0.7M) to support the Joint Personnel Adjudication System (JPAS); (\$5.4M) reduction in the NISP PSI PR Backlog program; and (\$0.7M) in other inflation adjustments.

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**Summary of Increases and Decreases**  
**(\$000)**

	<u>BA 3</u>	<u>BA 4</u>	<u>Total</u>
1. <b>FY 2000 President's Budget Request</b>	7,254	84,395	91,649
2. Congressional Adjustment			
a. Rescission		(248)	(248)
b. Congressional Earmarks Bill Payer		(184)	(184)
3. <b>FY 2000 Appropriation Amount</b>	7,254	83,963	91,217
4. Proposed Supplementals			
5. Transfers In			
6. Transfers Out			
a. Security Research Center transfer to Defense Human Resources Activity		(985)	(985)
7. Price Growth			
8. Program Increases			
a. National Industrial Security Program, Personnel Security Investigations Periodic Reinvestigation Backlog		45,400	
9. Total Increases			45,400
10. Program Decreases			
11. Total Decreases			
12. <b>Revised FY 2000 Estimate</b>	7,254	128,378	135,632
13. Price Growth	170	1,388	1,558
14. Transfers In		0	
15. Transfers Out: Joint Personnel Adjudication System to the Air Force.		(676)	(676)
16. Program Increases			
a. One-Time FY 2000 Costs	23	0	23
b. Case Control Management System modification and maintenance, interface with the Federal Bureau of Investigation system and establishment		10,000	10,000

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**Summary of Increases and Decreases**  
**(\$000)**

	<u>BA 3</u>	<u>BA 4</u>	<u>Total</u>
of a program management office to oversee system operation, maintenance and replacement			
c. Increase for industrial facility inspections		3,000	3,000
d. National Foreign Intelligence Program		7	7
e. Establishment of the Defense Joint Counterintelligence Program at DSS		750	750
17. Total Increases	23	13,757	13,780
18. Program Decreases			
a. One-Time FY 2000 Costs			
b. Reduction of FY 2000 funding provided to cover the cost of projected FY 1998 workload carried in to the DSS Defense-wide Working Capital Fund and not funded through customer rates	0	(8,400)	(8,400)
c. Defense Finance and Accounting Service rate decrease for accounting services		(300)	(300)
d. Program Offset due to FY 2001 Price Change	(2)	(1,560)	(1,562)
e. National Industrial Security Program, Personnel Security Investigations Periodic Reinvestigation Backlog		(5,400)	(5,400)
f. Non-Pay Purchase Inflation		(258)	(258)
19. Total Decreases	(2)	(15,918)	(15,920)
<b>20. FY 2001 Budget Request</b>	<b>7,445</b>	<b>126,929</b>	<b>135,050</b>

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**Operations and Maintenance, Defense-wide**

Civilian Personnel

	<u>FY 1999</u> <u>Actuals</u>	<u>Change</u>	<u>FY 2000</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2001</u> <u>Estimate</u>
Operation and Maintenance, Defense-wide					
U.S. Direct Hire	41	17	58	6	64
Foreign National Direct Hire	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0
Total	41	17	58	6	64
Defense-wide Working Capital Fund					
U.S. Direct Hire	2435	116	2551	73	2624
Foreign National Direct Hire	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0
Total	2435	116	2551	73	2624
Defense Security Service Total					
U.S. Direct Hire	2476	133	2609	79	2688
Foreign National Direct Hire	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0
Total	2476	133	2609	79	2688

Summary of Increases/Decreases

Operation and Maintenance, Defense-wide

Increase from FY1999 to FY2000 reflects functional transfer in of 12 FTEs to DoD Polygraph Institute (DoDPI) from DSS Defense-wide Working Capital Fund (DWCF) to O&M Defense-wide and 1 FTE for DoDPI from the Food and Drug Administration. Increase of 4 FTEs to fully execute allocated work years. Increase from FY2000 to FY2001 reflects an additional 6 FTE to support the Defense Joint Counterintelligence Program (DJCIP) through PBD 707.

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**Civilian Personnel**

Defense-wide Working Capital Fund (DWCF)

Increase from FY1999 to FY2000 reflects an overall increase as a result of the following: a functional transfer of 12 FTEs from DSS DWCF to DoDPI; 1 FTE to National Imagery and Mapping Agency; a Document Processing Office reduction of 11 FTEs; increase of 37 FTEs to support expanded investigative standards directed by E.O. 12698 and funded by the PDM dated August 18,1998; conversion of part of the 60 overtime work years for Personnel Security Program funded in PBD 434 (+30); increase of part of the 40 additional Industrial Security Representatives funded in PBD434 (+20); increase for part of the additional 32 FTEs for the Augmentation Management Office funded in PBD 434 (+16); functional transfer of Security Research Center to DoD Human Resources Research Activity per PBD 070 (-10); increase of 47 FTEs to fully execute allocated work years. Increase from FY2000 to FY2001 reflects the following: Management Headquarters reduction of 2 FTEs; conversion of remainder of the 60 overtime work years for Personnel Security Program funded in PBD 434 (+30); increase of remainder of the 40 additional Industrial Security Representatives funded in PBD434 (+20); increase for remainder of the additional 32 FTEs for the Augmentation Management Office funded in PBD 434 (+16); increase of 9 FTEs to fully execute allocated work years.



**DEFENSE SECURITY SERVICE**  
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**Operation and Maintenance, Defense-Wide**

**SUMMARY OF PRICE AND PROGRAM CHANGES**  
**(Dollars in Thousands)**

		<u>FY 1999</u> <u>Program</u>	<u>Price Growth</u> <u>Percent</u>	<u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY 2000</u> <u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedules	3,004		145	430	3,579
106	Benefits to Former Employees	5		0	(5)	0
199	Total Civilian Personnel Compensation	3,009		145	425	3,579
<u>TRAVEL</u>						
308	Travel of Persons	322	0.015	4	54	380
399	Total Travel	322		4	54	380
<u>DBOF SUPPLIES &amp; MATERIALS PURCHASES</u>						
416	GSA Managed Supplies & Materials	120	0.015	2	(2)	120
499	Total Fund Supplies & Materials Purchas	120		2	(2)	120
<u>OTHER FUND PURCHASES (EXCLUDING TRANSPORTATION)</u>						
678	Defense Security Service (DSS)	79,022	0.015	1,185	50,665	130,872
699	Total Purchases	79,022		1,185	50,665	130,872
<u>TRANSPORTATION</u>						
<u>OTHER PURCHASES</u>						
925	Equipment Purchases (Non-Fund)	183	0.015	3	(81)	105
989	Other Contracts	1,653	0.015	24	(1,101)	576
999	Total Other Purchases	1,836		27	(1,182)	681
9999	TOTAL	84,309		1,363	49,960	135,632

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**Operation and Maintenance, Defense-Wide**

**SUMMARY OF PRICE AND PROGRAM CHANGES**  
**(Dollars in Thousands)**

		FY 2000 Program	Price Percent	Growth Amount	Program Growth	FY 2001 Program
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Scd.	3,579		148	485	4,212
199	Total Civilian Personnel Comp.	3,579		148	485	4,212
<u>TRAVEL</u>						
308	Travel of Persons	380	0.016	6	193	579
399	Total Travel	380		6	193	579
<u>DBOF SUPPLIES &amp; MATERIALS PURCHASES</u>						
416	GSA Managed Supplies & Materials	120	0.016	2	1	123
499	Total Fund Supplies & Materials	120		2	1	123
<u>OTHER FUND PURCHASES (EXCLUDING TRANSPORTATION)</u>						
678	Defense Security Service (DSS)	130,872	0.016	1,391	(13,667)	118,596
699	Total Purchases	130,872		1,391	(13,667)	118,596
<u>OTHER PURCHASES</u>						
925	Equipment Purchases (Non-Fund)	105	0.016	2	2,498	2,605
989	Other Contracts	576	0.016	9	7,674	8,259
999	Total Other Purchases	681		11	10,172	10,864
9999	TOTAL	135,632		1,558	(2,816)	134,374

**DEFENSE SECURITY SERVICE**  
**Operation and Maintenance, Defense-wide**  
**Fiscal Year (FY) 2001 Budget Estimates**  
**Budget Activity 3: Training and Recruiting**

**I. Description of Operations Financed:**

The Defense Security Service (DSS) operates under the auspices of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C3I)). DSS participates in many of the committees and subcommittees operating under the direction of the Security Policy Board which is chaired by the Deputy Secretary of Defense and the Director of Central Intelligence. As recognized by the Joint Security Commission (JSC), the personnel security system is at the heart of the government's security mission. DSS performs:

Security Education and Training - to provide a standardized system of resident, on-site and customized security training to support a sound information assurance program throughout the Department of Defense (DoD), other federal agencies and Defense Industry. This includes the Department of Defense Polygraph Institute, which provides courses in forensic psychophysiology to both DoD and non-DoD personnel.

(1) Defense Security Service Academy (DSSA). DSSA, formerly the Defense Security Service Training Office, provides worldwide security education, training, awareness technical assistance, and professional development support to the Department's security countermeasure professionals and programs, DoD contractors, and selected foreign governments. It also develops, manages and delivers education and training programs for DSS security professionals and support staff.

DSSA focuses on improving the performance of security programs and professionals through the production of courses, continuing education, publications, consulting services, promotion of security and security preparation and its work with the Department and National policy makers and forums. This organization is the sole training source in several security areas within the federal government and is an integral part of mandatory training required for security professionals in many agencies. DSSA presents 32 security courses annually delivered in over 100 individual offerings. These include resident field extension, independent study, customized courses and interactive video. The DSSA also selects and authorizes other organizations to present some of its courses, subject to

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quality control. Its students are U.S. Government military personnel and designated civilian employees and representatives of U.S. industry and foreign governments.

**I. Description of Operations Financed: (Continued)**

DSSA also produces a series of select security modules and materials for organizations to train their personnel. DSSA publishes collects, evaluates, and distributes security awareness materials for the DoD and its cleared contractors. It produces security awareness periodicals and videos as well as a wide range of training and program support materials. DSSA creates and distributes its products and training material in several media, including paper, magnetic and on-line. The principal customers of DSSA are Defense military, civilian and contractor activities and personnel. The DSSA also serves foreign government representatives and supports the broader federal sector in several key areas on behalf of the Department.

DSSA provides the Department of Defense (DoD) a common unifying means to prepare individuals for their security program roles and to assist the development of effective security programs. DSSA currently concentrates its support on security management, risk management, information security, special programs security, personnel security investigation and adjudication, management and investigations, technical security, industrial security management and contractor security, acquisition systems security, systems security engineering, technology control, international program security, foreign disclosure and automated information systems security.

The Academy's mission is financed with DSS Operation and Maintenance Defense-wide dollars until the customer products and identification is developed. The FY 2001 DSS Operation and Maintenance Defense-wide contains \$4,767 thousand to pay for security training courses/products produced by the DSS Defense-wide Working Capital Fund (DWCF). Twenty-seven full-time equivalents are funded through the DWCF for DSSA beginning in FY 1999 and into the out years. When the customer delineation is complete, DSS will devolve these dollars to the customers. This funding will pay for courses attended by

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approximately 5,900 students in residence and 6,000 students in seven independent study courses from DoD Agencies and Military Departments and other federal agencies.

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**Budget Activity 3: Training and Recruiting**

**I. Description of Operations Financed: (Continued)**

(2) Department of Defense Polygraph Institute (DoDPI). DoDPI is an educational and research institution providing introductory and advanced courses in Psychophysiological Detection of Deception (PDD) and related topics. The primary focus is to qualify federal and civilian law enforcement personnel for careers as PDD examiners; to provide continuous effective research in forensic psychophysiology and credibility assessment methods; to establish standards and maintain certification of continuing education for all federal examiners; and oversee a quality assurance review program that promotes and ensures high quality community standards.

DoDPI presents three, thirteen-week graduate level semesters in introductory forensic psychophysiology annually. Each course constitutes sixteen credit hours per semester. The Institute further offers twenty continuing education courses that range in credit from 24 to 80 Continuing Education Units. Additionally, the Institute sponsors the Federal Interagency Seminar each year in the Washington, DC area and recently began sponsorship of a graduate level advanced course of instruction in psychophysiology at the University of Virginia for one month each year. The Institute also develops and offers computer-based instruction and provides satellite courses throughout the country. Mandated by Congress the Department of Defense Polygraph Institute (DoDPI) research program is directed towards: an evaluation of the validity of Psychophysiological Detection of Deception (PDD) techniques used by the Department of Defense; research on PDD countermeasures and counter-countermeasures; and developmental research PDD techniques, instrumentation, and analytic methods.

Forty full-time equivalents and \$2,678 thousand have been programmed in FY 2001 for DoDPI in the Operation and Maintenance Defense-wide Budget Activity 3.

**II. Force Structure Summary:**

Not applicable to DSS

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**III. Financial Summary (O&M: \$ in Thousands):**

	FY 2000				FY
	FY 1999			Current	
2001					
<b>A. <u>Subactivity Group</u></b>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	
<u>Estimate</u>					
1. DSS Academy <sup>1/</sup>	4,630	4,669	4,669	4,669	4,767
2. DoD Polygraph Institute	2,083	2,585	2,585	2,585	2,678
3. Security Research Center <sup>2/</sup>	<u>2,494</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	9,207	7,254	7,254	7,254	7,445

1/ DSS Training Office renamed DSS Academy in June 1999.

2/ The Security Research Center functionally transferred to the Defense Human Resources Activity (DHRA) beginning FY 2000.

**B. Reconciliation Summary:**

	<u>Change</u> <u>FY 2000/FY 2000</u>	<u>Change</u> <u>FY 2000/FY 2001</u>
<b>1. Baseline Funding</b>	<b>7,254</b>	<b>7,254</b>
a) Congressional Adjustments (Distributed)		
b) Congressional Adjustments (Undistributed)		
c) Congressional Adjustments (General Provision)		
d) Congressional Earmarks		
e) Congressional Earmark Billpayers		
<b>2. Appropriated Amount (Subtotal)</b>		
a) Adjustments to meet Congressional Intent		
b) Across-the-board Reduction (Recission)		
c) Approved Reprogrammings/Transfers		
<b>3. Price Change</b>		170
<b>4. Program Changes</b>		21
<b>5. Current Estimate</b>	<b>7,254</b>	<b>7,445</b>

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III. Financial Summary (O&M: \$ in Thousands): (Continued)

C. Reconciliation of Increases and Decreases:

7,254	1. <b>FY 2000 President's Budget Request</b>	
	2. Congressional Adjustment (Distributed)	0
0	Total Congressional Adjustment (Distributed)	
	3. Congressional Adjustment (Undistributed)	0
	Congressional Adjustment (General Provisions)	0
	4. Congressional Earmarks	0
0	Congressional Earmarks Bill Payer (All)	
	Total Congressional Earmarks	0
	<b>5. FY 2000 Appropriated Amount</b>	<b>7,254</b>
	6. FY 2000 Recission	0
	7. Functional Transfers-In	0
	8. Other Transfers-In (Non-Functional)	0
0	9. Functional Transfers-Out	
	10. Other Functional Transfers-Out	0



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11.	Price Change	0
12.	Program Increase	0

**III. Financial Summary (O&M: \$ in Thousands): (Continued)**

**C. Reconciliation of Increases and Decreases: (Continued)**

13.	Program Decrease	0
7,254	14. <b>Revised FY 2000 Estimate</b>	
15.	Price Growth	170
16.	Transfers-In	0
17.	Transfers-Out	0
18.	Program Increases	
	a) Annualization of New FY 2000 Program	0
	b) One-Time FY 2001 Costs	23
	c) Program Growth in FY 2001	0
19.	Total Increases	23
20.	Program Decreases	
	a) One-Time FY 2000 Costs	0
	b) Annualization of FY 2000 Program Decreases	0
	c) Program Decreases in FY 2001	
	(1) Program Offset due to FY 2001 Price Change	(2)
21.	Total Decreases	(2)
22.	<b>FY 2001 Budget Request</b>	<b>7,445</b>

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 Budget Activity 3: Training and Recruiting

**IV. Performance Criteria and Evaluation Summary:**

<u>Workload</u>	<u>FY 1999</u> <u>Actuals</u>	<u>FY 2000</u> <u>Estimate</u>	<u>FY 2001</u> <u>Estimate</u>
A. <u>Defense Security Service Academy</u> <sup>1/</sup>			
Courses	29	32	32
Students Output	3,747	5,200	5,900
Independent Study Enrollment	4,446	6,000	
6,000			
B. <u>Department of Defense Polygraph Institute (DoDPI)</u>			
Academic			
Basic course enrollment	52	56	56
Continuing education enrollment	380	400	400
Course iterations	17	17	17
Research			
External projects	8	8	8
Internal projects	8	8	8
Quality assurance inspections	10	10	10
C. <u>Security Research Center</u> <sup>2/</sup>			
Research Projects	20	0	0

1/ Defense Security Service Training Office renamed Defense Security Service Academy in June 1999.

2/ Security Research Center functionally transferred to the Defense Human Resources Activity (DHRA) beginning FY 2000.

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**V. Personnel Summary:**

Change	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000/FY</u>
<u>2001</u>				
<u>Civilian End Strength (Total)</u>	28	40	40	0
U.S. Direct Hire	28	40	40	0
<u>Civilian FTEs (Total)</u>	25	40	40	0
U.S. Direct Hire	25	40	40	0

**VI. OP 32 Line Items as Applicable (Dollars in Thousands):**

		<u>Change FY 1999 to FY 2000</u>			<u>Change FY 2000 to FY</u>			
<u>2001</u>		FY 1999	Price	Program	FY 2000	Price	Program	FY
<u>2001</u>		<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	
	<u>Estimate</u>							
10	Executive, General & Special	1,542	54	590	2,186	89	0	2,275
1	Schedules							
10	Benefits to Former Employees	5	0	-5	0	0	0	0
6								
30	Travel of Persons	89	1	46	136	2	0	138
8								
41	GSA Managed Supplies &	76	1	0	77	1	-1	77
6	Materials							
67	Defense Security Service	7,124	107	-	4,669	75	23	4,767
8				2,562				
98	Other Contracts	371	5	-190	186	3	-1	188
9								
	Total	9,207	168	-	7,254	170	21	7,445
				2,121				

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Budget Activity 3: Training and Recruiting

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**Budget Activity 4: Administration and Servicewide Activities**

**I. Description of Operations Financed:**

The Defense Security Service (DSS) operates under the auspices of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C3I)). DSS administers the Personnel Security Investigations Program and serves as the Department of Defense (DoD) cognizant security authority for the National Industrial Security Program (NISP). As recognized by the Joint Security Commission, the personnel security system is at the heart of the government's security mission. Under the auspices of the NISP, DSS works in partnership with industry performing on classified government contracts or engaging in classified research and development to assist them in establishing and maintaining threat-appropriate security countermeasure systems. DSS participates in many of the committees and subject-specific subcommittees operating under the direction of the Security Policy Board which is chaired by the Deputy Secretary of Defense and the Director for Central Intelligence. In Budget Activity 4 DSS has two primary mission areas:

(1) National Industrial Security Program (NISP). The primary focus of DSS' industrial security efforts is in support of DoD implementation of the NISP. In this regard, DSS works to advance and communicate the DoD's directives to protect classified information. The NISP is intended to ensure that private industry, while performing on classified government contracts, properly safeguards the related classified and sensitive information in its possession and employee access thereto. Other aspects of the DSS industrial security mission include support for the Critical Assets Assurance Program; Arms, Ammunition and Explosives Program; and Acquisition Protection Program.

DSS administers the NISP on behalf of DoD and 22 other Federal Government departments and agencies with whom the Secretary of Defense (or designee) has signed Memoranda of Agreement. Industrial security is an integration of information, personnel, and physical security principles applied to the protection of classified information entrusted to industry. The objective of industrial security is to ensure that security systems are established and maintained to (1) deter and detect against acts of espionage and (2) to counter the threat posed by traditional and nontraditional adversaries which target the classified information in the hands of industry. DSS provides proactive, full-

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**Budget Activity 4: Administration and Servicewide Activities**

service industrial security countermeasure support to more than 13,000 cleared contractor facilities. As part of its NISP efforts, DSS maintains oversight for certain Special Access Programs in industry. The DSS

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**Budget Activity 4: Administration and Servicewide Activities**

**I. Description of Operations Financed: (Continued)**

Counterintelligence office enhances the accomplishment of the traditional security countermeasure mission by (1) providing threat information and awareness training for the early detection and referral of cases of potential espionage and (2) assisting industry in the recognition and reporting of foreign intelligence collection attempts. NISP also processes international visit requests.

In addition to the NISP, DSS also has responsibility for three other industrially oriented security programs. The Arms, Ammunition and Explosives Program provides for the protection of sensitive conventional arms, ammunition and explosives in the custody of, or produced by, contractors associated with the DoD. The Critical Assets Assurance Program promotes the security of facilities that provide critical industrial production and services, thereby, ensuring emergency mobilization preparedness capability. The Defense Security Service (DSS) also provides service to contractors participating in the Acquisition Protection Program. Support is also provided to the On-Site Inspection Agency in connection with Arms Control Treaties.

The Defense Industrial Security Clearance Office (DISCO), located in Columbus, Ohio, processes and grants facility security clearances to industrial facilities sponsored for clearance by DoD, cleared contractors or any of the 22 other federal agencies. DISCO operates a customer service activity that provides information and assistance to industrial facilities, DoD activities, other agencies and the general public.

The NISP is financed through the Defense-wide Working Capital Fund (DWCF) in FY 1999 on a reimbursable basis. Operation and Maintenance Defense-wide funding for the NISP is held in the Security and Investigative Activities program element. The NISP funds remaining with DSS will maintain 11,950 NISP facility clearances in FY 2001. In the program years, the NISP remains financed through the Operation and Maintenance, Defense-wide appropriation until a clearly defined customer base can be developed. Future year budgets will show a devolvement of these funds to NISP customers.

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**I. Description of Operations Financed: (Continued)**

(2) Foreign Counterintelligence Program (FCIP). The DSS FCIP provides for the early detection and referral of cases of potential espionage, and assists industry in the recognition and reporting for foreign collection attempts. The FCIP also provides the application of security countermeasures in a threat-appropriate manner. FCIP resources are divided between DSS (nine full-time equivalents and \$1,419 thousand in Operation and Maintenance Defense-wide) and the Department of Defense Polygraph Institute (nine full-time equivalents, \$908 thousand in Operation and Maintenance Defense-wide and \$442 thousand in Research, Development, Technology and Evaluation). The FCIP is funded entirely with appropriated funds and is not included in the DSS DWCF.

**II. Force Structure Summary:** Not applicable to DSS

**III. Financial Summary (O&M: \$ in Thousands):**

	FY 1999	FY 2000			
		Budget	Current	FY 2000	FY 2001
<b>A. <u>Subactivity Group</u></b>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
1. Investigative Activities	45,043	54,381	98,364	98,364	92,564
2. Industrial Security Activities	27,901	27,845	27,845	27,845	
31,281					
3. Foreign Counterintelligence Act	2,158	2,169	2,169	2,169	2,334
4. Defense Joint CI Program	0	0	0	0	750
Total	75,102	84,395	128,378	128,378	126,929



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III. Financial Summary (O&M: \$ in Thousands):

B. Reconciliation Summary:

	Change <u>FY 2000/FY 2000</u>	Change <u>FY 2000/FY 2001</u>
<b>1. Baseline Funding</b>	<b>84,395</b>	<b>128,378</b>
a) Congressional Earmark Bill Payer	(184)	
b) Rescission	(248)	
c) Functional Transfer	(985)	(676)
d) Price Change		1,388
e) Program Changes	45,400	(2,161)
<b>Current Estimate</b>	<b>128,378</b>	<b>126,929</b>

C. Reconciliation of Increases and Decreases:

<b>1. FY 2000 President's Budget Request</b>		
<b>84,395</b>		
 2. Congressional Adjustment		
a) Congressional Earmarks Bill Payer		(184)
b) Rescission		(248)
Total Congressional Adjustment		(432)
 3. FY 2000 Appropriated Amount		<b>83,963</b>
 4. Proposed Supplementals		0
 5. Transfers In		0

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**III. Financial Summary (O&M: \$ in Thousands): (Continued)**

C. Reconciliation of Increases and Decreases: (Continued)

6.	Transfers Out	
	(1) Security Research Center transferred to DHRA	(985)
7.	Price Growth	0
8.	Program Increases	
	a) Annualization	
	b) One-Time Costs	
	c) Program Growth	
	National Industrial Security Program, Personnel	
	Security Investigations Periodic Reinvestigations	
	Backlog	45,400
	Total Program Increase	45,400
9.	Program Decrease	
	Total Program Decrease	0
<b>10.</b>	<b>Revised FY2000 Estimate</b>	<b>128,378</b>
11.	Price Growth	1,388
12.	Transfers In	0
13.	Transfers Out	0
	Joint Personnel Adjudication System to Air Force	(676)

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Total Transfers

(676)

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III. Financial Summary (O&M: \$ in Thousands): (Continued)

C. Reconciliation of Increases and Decreases: (Continued)

14. Program Increases		
a) Annualization of New FY 2000 Program		0
b) One-Time FY 2001 Costs		0
c) Program Growth in FY 2001		
(1) Case Control Management System modification and maintenance, including developing an interface with the Federal Bureau of Investigation systems and for establishment of a program management office to oversee system operation, maintenance and replacement.	10,000	
(2) Increase for industrial facility inspections	3,000	
(3) Increase to National Foreign Intelligence Program	7	
(4) Defense Joint CI Program implementation of Technology Protection and Correlation Tools.	750	
15. Total Increases		13,757
16. Program Decreases:		
a) Annualization of FY 2000 Program Decreases		0
b) One-Time FY 2000 Costs		0
c) Program Decreases in FY 2001		
(1) Reduction of FY 2000 funding provided to cover the cost of FY 1998 workload carried in the DSS Defense-wide Working Capital Fund and not funded through the customer rate.	(8,400)	
(2) Defense Finance and Accounting Service rate decrease for accounting services.	(300)	

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III. Financial Summary (O&M: \$ in Thousands): (Continued)

C. Reconciliation of Increases and Decreases: (Continued)

16. Program Decreases: (Continued)	
(3) Decrease is the net result of a rate adjustment to DSS's Working Capital Fund operations. Changes in workload and cost have reduced rates that will be charged for Industrial Security Products. This rate change reduces the operations and maintenance funding required to support the Industrial Security Program	(1,560)
(4) Decrease in funding due to a reduction in the adjustment of the National Industrial Security Program for the Periodic Reinvestigations Backlog from \$45.4M in FY 2000 to \$40.0M in FY 2001.	(5,400)
(5) Non-Pay Purchases Inflation	(258)
17. Total Decreases	(15,918)
18. FY 2001 Budget Request	126,929

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**IV. Performance Criteria and Evaluation Summary:**

A. National Industrial Security Program (NISP) Personnel Security Investigation (PSI)

The security product measurement shown finances the Industrial personnel security investigations according to the rate established in the Defense-wide Working Capital Fund budget.

	<u>FY 1999</u> <u>Actual</u>	<u>FY 2000</u> <u>Estimate</u>	<u>FY 2001</u> <u>Estimate</u>
Personnel Security Investigations			
Security Products Carry-In		37,557	22,750
Security Products New Orders	69,607	148,550	
157,604			
Security Products Completed	32,050	163,357	150,430
Security Products Carry-Out	37,557	22,750	29,924

B. Industrial Security Program (ISP)

Industrial Facility and Personnel Clearance Actions (In Thousands)

	11.6	11.6	11.6
Facility Clearances Maintained			
Initial Facility Clearances	1.6	1.6	1.6

**V. Personnel Summary:**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Change</u> <u>FY 00/FY 01</u>
<u>Civilian End Strength (Total)</u>	18	18	24	6
U.S. Direct Hire	18	18	24	6
 <u>Civilian FTEs (Total)</u>	 18	 18	 24	 6
U.S. Direct Hire	18	18	24	6

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Increase of 6 FTEs are in support of the Defense Joint Counterintelligence Program (DJCIP)

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VI. OP 32 Line Items as Applicable (Dollars in Thousands):

	<u>Change FY 1999 to FY 2000</u>			<u>Change FY 2000 to FY</u>		
	<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>	<u>Price</u>	<u>Program</u>
<u>2001</u>						
2001						
<u>Estimate</u>	<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>
10 Executive, General & Special	1,462	91	-160	1,393	59	485
1 Schedules						
30 Travel of Persons	233	3	8	244	4	193
8						
41 GSA Managed Supplies &	44	1	-2	43	1	2
6 Materials						
67 Defense Security Service	71,89	1,078	53,22	126,203	1,316	13,690
8	8		7			
92 Equipment Purchases (Non-DBOF)	183	3	-81	105	2	2,498
5						
98 Other Contracts	1,282	19	-911	390	6	7,675
9						
Total	75,10	1,195	52,08	128,378	1,388	-2,837
	2		1			126,929