

**Fiscal Year (FY) 2019 President's Budget  
Operation and Maintenance, Defense-Wide  
Defense Technology Security Administration**



**February 2018**

(This page intentionally left blank)

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)  
Budget Activity (BA) 4: Administration and Service Wide Activities**

	FY 2017 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2018 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2019 <u>Estimate</u>
DTSA	34,844	637	-769	34,712	330	-91	34,951

**I. Description of Operations Financed: Mission, Responsibilities, and Core Functions**

The Defense Technology Security Administration (DTSA) - a Field Activity under the authority, direction, and control of the Under Secretary of Defense for Policy (USDP) - develops and implements Department of Defense (DoD) technology security policies on international transfers of defense-related goods, services, technologies and information.<sup>1</sup> In accomplishing this mission, the DTSA protects the U.S. military's critical technological advantages by controlling and limiting transfer of technology that - in the wrong hands - could prove potentially detrimental to U.S. national security interests. In this regard, the DTSA pays particular attention to transfers that could result in proliferating weapons of mass destruction and their means of delivery, as well as conventional weapons and dual-use technology, which could erode the U.S. warfighter's technological advantage. Related to this, the DTSA plays a crucial role in inhibiting the diversion of U.S.-produced, defense-related goods to terrorists. Equally important, the DTSA plays an essential role in enabling security cooperation with Allies and partners by supporting their interoperability with U.S. Forces or helping them enhance their military capabilities to address national security issues of mutual concern. Finally, in executing the foregoing responsibilities, the DTSA does its utmost to balance the safeguarding of critical defense technologies with fostering the health of the U.S. defense industrial base. The DTSA has four core functions. First, it conducts National

Visit <http://www.dtsa.mil> for more information.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

security reviews of Defense technology transfers. Second, it works closely with allies and partners on cooperative endeavors that have a technology security dimension. Third, it develops and implements DoD policies related to defense technology exports, technology release, and foreign disclosure. Finally, it performs important management functions for the U.S. Government (USG) and DoD.

**National Security Review of Defense Technology Transfers**

In partnership with other U.S. government agencies and industry, the DTSA assesses defense technologies and develops measures to prevent diversion or proliferation of technology and information that could prove detrimental to US National Security. The DTSA accomplishes this function in several ways. It assesses the technology security risks of Direct Commercial Sales (DCS) and Foreign Military Sales (FMS) and assists in managing those risks. The DTSA plays a key role in risk management by advising the development of technology security policies and supporting end user checks. The DTSA also makes recommendations on export licenses for DCS (equipment, technology, data, and services).

The DTSA leads or plays a central role in a number of USG bodies that identify and manage risks tied to technology security. The DTSA co-leads and provides the executive secretariat for the Arms Transfer and Technology Release Senior Steering Group (ATTR SSG), which conducts high-level decision reviews on sensitive technology. DTSA also plays a leading role in the oversight of technology exports for foreign space launches. In this regard, it develops license provisos and closely monitors launch preparation activities to ensure that unauthorized technology transfers do not occur. As DoD's representative for the Committee on Foreign Investment in the United States (CFIUS), the DTSA plays a key role in reviewing the defense-critical technology that could be transferred when U.S. companies are sold to foreign owners. The DTSA also plays an

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

essential role in developing International agreements on technology and information sharing. Further, it reviews all patents involving highly-sensitive or classified technologies. The DTSA assists other agencies in assessing whether foreign purchasers of critical technology are complying with license requirements and supports USG enforcement efforts when license requirements are violated. Finally, the DTSA reviews documents describing sensitive U.S. technology to make sure they are suitable for public release.

**International Engagements and Technology Security Cooperation**

The DTSA works with international partners to protect critical defense-related technology and information, increase technology security cooperation, and enhance military interoperability. The DTSA performs this function in a variety of ways. The leaders of DTSA conduct regular bilateral engagements with partners and Allies around the world to address technology security issues of mutual importance. Often these engagements are directly tied to cooperative technology security programs, for which the DTSA plays a principal role in representing the USG's national security interests. The DTSA's leaders also support a variety of interagency and intra-departmental bilateral engagements as the USG's technology security subject matter experts.

Representatives from the DTSA are also important and regular contributors to multilateral export control and non-proliferation regimes (i.e., Wassenaar Agreement (WA), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Australia Group (AG)). DTSA is the Office of the Secretary of Defense for Policy's lead for the WA, MTCR, and the NSG. This responsibility is written into the revised DTSA charter (DoDD 5105.72, dated April 26, 2016). Additionally, the DTSA plays a central role in the development and maintenance of key treaties with a trade or technology security dimension, such as the UK/AU defense trade treaties, the Arms Trade Treaty (ATT), and the North Atlantic Treaty Organization (NATO). Elements of the DTSA work routinely with foreign partners to design

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

and maintain viable industrial security programs. Teams from the DTSA regularly conduct National Disclosure Policy Committee (NDPC) security surveys in foreign countries to help them with protecting sensitive and classified information. The DTSA also liaises with the combatant commands to advise and assist them with technology security issues as these commands work with partners and Allies in their respective areas of responsibility. Lastly, the DTSA's leaders regularly attend Defense international trade shows to represent the USG's and DoD's interests in technology security and to assess the state of critical defense-related technologies internationally.

**DoD Export, Technology Release, and Foreign Disclosure Policy**

The DTSA shapes international and domestic policies and regulations that protect defense technology and information while facilitating security cooperation with Allies and partners. It does this in many ways. Its experts regularly contribute to U.S. export control laws, regulations, and policies; export control reform; commodity jurisdictions; commodity classifications; and the USG Entities List. On behalf of the DoD, the DTSA allows technology release waivers when it assesses the potential risk to U.S. national security is acceptable or adequate protective measures can be put in place to reduce risk to an acceptable level.

To get ahead of materiel and technology requirements in a fast-paced operational environment, the DTSA - in cooperation with the Department of State and other DoD components - develops "anticipatory" technology-release policies. The DTSA also plays a unique role in supporting key governmental bodies responsible for oversight of information and technology security. The DTSA leads the development and implementation of National and DoD policies on, and authorities for, the disclosure of classified military information and material. It also provides guidance to DoD components in a variety of ways (e.g., export controls, such as directives, the Defense Federal Acquisition

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

Regulation Supplement (DFARS), trade security controls, and demilitarization requirements).

**Technology Security Management Functions**

The DTSA supports the USG and DoD by performing several management functions that support technology security-related systems. First, it provides the Secretariats for the National Disclosure Policy Committee (NDPC) and Arms Transfer Technology Release Senior Steering Group (ATTR SSG). Next, DTSA oversees all foreign personnel visits and assignments to USG organizations. Finally, DTSA operates and maintains four information technology systems that support the USG and DoD: the USXPORTS interagency export licensing system, the DoD Patent Application Review System (DPARS), the Foreign Visits System, Spacelink system, and the National Disclosure Policy System.

**Culture**

The DTSA's culture promotes world-class performance, innovation, collaboration, responsiveness, and professionalism across a broad and diverse set of responsibilities. DTSA must work closely and effectively with Allies and international partners, other federal agencies, industry, and other DoD components to address multi-dimensional challenges quickly and effectively. Because the DTSA operates at the ever-changing intersection of international security, global trade, and emerging technology, its employees must be - and are - imaginative problem solvers.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

**History**

Established in the mid-1980s as a field operating activity under the Office of the Under Secretary of Defense for Policy, DTSA reviewed and opposed the Soviet Union's requests for technology transfers that would improve its military capabilities. DoD officials considered such transfers - especially of dual-use technologies - a major threat to U.S. national security. With the fall of the Soviet Union, DTSA's role evolved. While retaining its mission to protect the U.S. military's technological edge in the most critical and sensitive areas, DTSA has increasingly been involved in reviewing the transfer of critical technologies to friends and Allies.

**Executive Operations:**

<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
1,013	1,032	1,051

Consistent with U.S. policy, national security objectives, and Federal laws and regulations, the DTSA Director is responsible for protecting the U.S.'s advantages in military technology. The Director and Deputy Director, DTSA accomplish this responsibility in three major ways. First, they oversee the development and implementation of the DoD technology security policies for international transfers of defense-related goods, services, and technologies. Second, they supervise the control, and mitigates the risk, of technology transfers that may be detrimental to U.S. security, particularly transfers that would result in the proliferation of weapons of mass destruction and their means of delivery. Finally, they ensure that the DTSA implements



Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget

I. Description of Operations Financed (cont.)

policies and processes that promote the health of the United States' defense industrial base.

**Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

**Policy Directorate (PD):**

<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
5,552	5,632	5,708

Composed primarily of foreign affairs specialists (civil servants, military reservists, and contractor personnel) with broad and varied backgrounds in international relations, the Policy Directorate (PD) works with other USG agencies and components, industry, international partners, and academia on technology security policy matters. The PD, as the focal point for DoD policy on technology security, provides strategic analysis of technology transfer trends, issues, and opportunities. In FY 18, the Policy Directorate will assume additional Technology Security and Foreign Disclosure responsibilities, currently assigned to the Technology Security and Foreign Disclosure Office (TSFDO). The TSFDO expedites the coordination and synchronization of the DoD's high-priority requests for releasing sensitive defense-related technology. The TSFDO ensures transparent, timely, and well-informed guidance and decisions on technology or information transfers using established TSFD processes.

The TSFDO performs a number of critical functions for the Department. First, it serves as the Executive Secretariat for the ATTR SSG, the DoD's senior body for providing guidance and policy on transfers of high-priority, urgently-needed technology to partners and Allies. On behalf of the ATTR SSG, the TSFDO develops and coordinates TSFD decision documents for FMS, DCS, and cooperative AT&L programs with applicable DoD components, Executive Branch agencies, nations, and U.S. companies.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

In supporting the ATTR SSG, the TSFDO screens, performs triage, and tracks TSFD actions that merit the attention of the DoD's senior leaders. The TSFDO also identifies important technology transfers and processes associated TSFD actions in advance of need (i.e., develops "anticipatory" policies for the Secretary and Deputy Secretary of Defense). The intent is to "get ahead of the power curve" so that the Department can quickly handle such requirement when they arise. The TSFDO also enables the expedited review of technology transfers by providing guidance to the DoD's TSFD community on staffing release requests through applicable TSFD processes in the most efficient and effective way. Finally, the TSFDO conducts ATTR SSG-authorized TSFD outreach efforts to engage the DoD TSFD community and keep it abreast of evolving TSFD release considerations. The TSFDO also performs two unique and specialized functions. It staffs and provides final disposition of Electronic Warfare (EW) information assurance waiver requests required for providing EW capabilities to partners and allies. The TSFDO also supports several Senior Integration Groups (SIGs) that have time-sensitive TSFD review requirements for urgently needed technology in support of ongoing operations.

As directed or delegated by law, regulation, DoD Directive, or DoD Instruction, The PD leads the DoD's efforts in a wide variety of technology security and export control matters. In the international arena, PD provides policy and subject-matter expertise in a number of forums. This is particularly true with respect to the international export control regimes. PD represents the Department at, and oversees DoD input in, all Australia Group (Export Controls for Chemical and Biological Agents), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Wassenaar Arrangement (Export Controls for Conventional Arms and Dual-Use Goods and Technologies) activities. The PD also leads the Department's efforts in activities related to Section 123 of the Atomic Energy Act, which address U.S. civil nuclear cooperative agreements with other nations. The Policy Directorate continues to play an instrumental role in ensuring that the DoD's

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

national security interests are not undermined by changes to the Arms Trade Treaty, or by improper implementation by States-Parties to the Treaty.

In August 2009, the President directed a broad-based interagency review of the U.S. export control system, which resulted in the Administration launching the Export Control Reform Initiative (ECR Initiative). The ECR initiative has modernized, streamlined, and synchronized the USG's export control systems. From the earliest stages of this initiative, PD has been an intellectual leader in this initiative, bringing to bear great initiative, skill, and insight in the revamping of the U.S.'s export control system. The PD continues to be instrumental in keeping national security and competitiveness as the key determinants in all ECR-related initiatives and decisions.

On behalf of the U.S. Patent and Trademark Office, PD conducts national security reviews of patent applications for sensitive, and classified defense-related technology. In a related vein, the PD reviews classified foreign patent applications covered under the "NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defense and for which Applications for Patents Have Been Made" and related bi-lateral agreements.

The PD also plays an important role for the Department in contributing to USG decisions on sanctioning violators of U.S. export regulations and helping to determine which business entities (U.S. and foreign companies and individuals) should be restricted from purchasing sensitive or classified defense technology. In a related vein, the PD plays a central role in U.S. export denial consultations with foreign partners.

In addition, the PD is the Office of the Under Secretary of Defense for Policy's (OUSDP) lead for all National security reviews for transactions filed with the Committee on Foreign Investment in the United States (CFIUS), which involve the sale of U.S. companies (with the capability to make a product or provide a service important to U.S. national security or defense) to a foreign entity. It also spearheads OUSDP's work in development and implementation of Defense trade treaties. Lastly, on behalf of USD(P), the PD

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

conducts National security reviews of international agreements administered by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) for cooperative research.

The PD plans and executes all of the DTSA's bilateral international engagements including the Cooperative Technology Security Program (CTSP). The CTSP is a DoD Ministry of Defense Advisory (MoDA)/Defense Institution Building (DIB) Program-funded initiative in which PD experts advise other countries' defense and security establishments regarding technology security institutions and mechanisms for the purpose of protecting sensitive indigenous and U.S.-origin warfighter technologies. The CTSP helps to build USG confidence in partner nations' technology security and export control capabilities, and thus is a key enabler of greater security cooperation with partner countries.

For the DTSA itself, the PD plays a leading role in several activities. In support of the DTSA's License Directorate, the PD reviews commercial munitions and dual-use export license applications for policy-related concerns and makes recommendations as appropriate. On behalf of DTSA, the PD provides personnel to support Department of State and Commerce end-user checks of export license applicants.

The PD's outreach and liaison responsibilities on behalf of DTSA are also considerable and varied. First, it conducts a robust program of outreach activities with industry and academia (both U.S. and foreign). The DTSA also has active and robust programs for legislative liaison and public affairs, for which the PD is responsible. The DoD components produce or update a considerable number of issuances (directives, instructions, manuals and directive-type memos) every year. The PD oversees and coordinates the review of all issuances that pertain to technology security, export control, or Defense trade.

The PD's workload and accomplishments for a typical year are considerable. The PD plans, coordinates, and executes more than 100 international engagements, including

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

approximately 15 major multilateral negotiations at the office-director-level and approximately 25 senior-level engagements, many requiring overseas travel for the DTSA's Director. It also conducts approximately 100 outreach activities with industry and academia each year. The PD also conducts up to a dozen in-depth, analytical studies on country-specific and worldwide technology acquisition trends, over 6,000 patent security reviews, and over 50,000 end-user checks of entities included in dual-use and munition export license applications (many with multiple end users) in support of day-to-day licensing/technology transfer operations and review.

**Technology Directorate (TD):**

<b>FY 2017 <u>Actual</u></b>	<b>FY 2018 <u>Estimate</u></b>	<b>FY 2019 <u>Estimate</u></b>
8,501	8,469	8,442

The Technology Directorate (TD) provides the DTSA's principal source of technical insight, advice, and analysis on international transfers of defense-related items and other technology-related matters of national security interest.

The TD supports the DTSA mission in several ways by providing the technical foundation to virtually every action or activity undertaken. It's a core function, the TD identifies technologies that are critical to the U.S.' military advantage and national security. This is particularly true with respect to DoD efforts to modernize, streamline, and synchronize the USG's export control systems and regulations, as well as international export control regimes, such as the Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Wassenaar Arrangement (WA). In support of U.S. national security reviews of both State Department and Commerce Department export licenses, doing so, the TD annually reviews analyses roughly 17,000 international transfers of military

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

technology, defense articles, and dual-use items in a manner consistent with DoD's technology security objectives and national security interests. In the process of reviewing technology transfers to other countries, the TD is often called upon to recommend solutions to complex technical problems affecting national security. This task requires the TD to document and convey clear and accurate positions on international transfers that protect the U.S.' warfighting edge and mitigate technology security risks.

The TD technical staff consists of senior engineers and scientists who are recognized experts on highly-sensitive, military technologies that contribute to the U.S.' military advantage, and who apply their knowledge and expertise daily to shape DoD technology security policy. To effectively accomplish the DTSA mission in a timely manner, the TD scientists and engineers must be experts on both domestic and foreign defense-related technology and capabilities. They must also be highly proficient at applying their technical knowledge in a manner consistent with the USG's policy and regulatory framework as well as a variety of multilateral forums concerned with technology security. The foregoing requires TD's engineers and scientists to integrate contributions from DoD and other USG stakeholders in developing viable technical solutions for managing technology transfer risks. Finally, they must convey their analysis and recommendations on complex technical subjects in understandable terms to a broad audience.

The TD also protects U.S. space-related technological advantages and prevents the diversion or proliferation of this critical technology. The TD promotes the U.S. space industry's competitiveness in the international marketplace by providing responsive services that support the U.S. space industry's export license requests. The TD performs post-licensing oversight of both DoS and DOC exported spacecraft, satellites, or related items if they are to be launched using a foreign space launch vehicle.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

The TD maintains a technically qualified and readily available staff of engineers who can respond quickly to industry's demands for monitoring services. The TD deploys its monitors when the DoS Directorate of Defense Trade Controls (DDTC) imposes special export controls (SECs) on space-related export authorizations. SECs are imposed when a satellite (or related items) is exported for launch in a foreign country that is neither a member of NATO nor a major non-NATO ally of the U.S. (or by the nationals of such a country). In cases where SECs are mandated, the applicant must reimburse the U.S. Government for all monitoring costs. In the event of a launch failure (i.e., crash), a separate mandatory license is required for the conduct of investigations and analysis. Export licenses for evaluating launch failures in such cases also require reimbursement from industry.

Although SECs are not required for the launch of U.S.-origin satellites, spacecraft, and components from or by nationals of a country that is a member of NATO or a major non-NATO ally, such export controls may nonetheless be applied. SECs include physical monitoring and also the development of Technology Transfer Control Plans (TTCPs). The TD reviews and approves these industry plans to ensure the launch campaign is carried out within DoS or DoC authorizations or limitations, and prevents the unauthorized transfer of U.S. space technology.

The TD has converted all space monitoring engineers to appropriated fund (non-reimbursable) billets to address the uneven workload between reimbursable and non-reimbursable monitoring of space-launch activities. This change allowed the DTSA to charge fairer costs to industry while enabling it to assign converted monitors to appropriated duties within TD as needed.



Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget

I. Description of Operations Financed (cont.)

Licensing Directorate (LD):

<u>FY 2017</u> <u>Actual</u>	<u>FY 2018</u> <u>Estimate</u>	<u>FY 2019</u> <u>Estimate</u>
5,928	6,020	6,087

The Licensing Directorate (LD) manages all of DoD's actions related to the U.S. national security review of State Department export and import licensing of defense articles and services, Commerce Department export licensing of dual-use items/munitions articles, Energy Department export licensing of nuclear energy-related technology and National Regulatory Agency (NRC) nuclear-controlled materials.

The LD reviews an average of 47,859 munitions and dual-use export license applications per year. The LD experienced a decrease in license volume as a result of Export Control Reform-mandated revisions to the State Department's (DoS), International Traffic in Arms Regulations (ITAR) and the Commerce Department's Export Administration Regulations (EAR), and availability of Department of Commerce license exceptions.

The LD is DoD's lead in the National Security Council's commodity jurisdiction (CJ) process, which determines the proper regulatory jurisdiction for controlled technology and defense services. Further, the LD leads DoD's commodity classification reviews regarding munitions articles controlled under the EAR to determine the appropriate export control classification number (ECCN) for an item or technology. The ECCN determines licensing policy. The LD also spearheads DoD efforts in developing and drafting U.S. regulatory export control language regarding proposed changes to the ITAR and EAR. Finally, it heads the DoD's efforts in assessing the potential harm U.S. national security resulting from export violations.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

The LD processes an average of 20,143 munitions Direct Commercial Sales export license applications received from the DoS. In accomplishing this significant responsibility, the directorate develops and adjudicates the DoD's final national security decision on munitions-related export license applications referred to the department by the DoS. Such decisions are based on recommendations the Military Departments, Joint Staff, and Defense Agencies provide to the LD under mandated review timelines.

The LD proposes, and provides the DoD's decisions on changes to rules and regulations of the ITAR and EAR, to include export control parameters and licensing exemptions (e.g., exports not requiring an individual U.S. Government license authorization), based on recommendations provided by the Military Departments, the Joint Staff, and defense agencies.

The Department, interagency, and the U.S. high tech business industry frequently seek guidance from the LD staff for its regulatory and direct commercial licensing expertise and experience. For example, the LD serves as the Department's export licensing experts on a variety of technology security teams that address major DoD defense and cooperative programs. These programs require the expertise of the DTSA's subject matter experts - and often considerable time. The LD also provides the DoD expertise on export licensing in interagency and international forums concerning individual licensing actions, commodity jurisdictional determinations, and violations of the Arms Export Control Act (AECA).

The LD plays an important role in adjudicating or otherwise resolving important USG or DoD export control and technology transfer issues. Frequently, it is either not clear

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

whether an item or technology is governed by the State Department's regulations, or Commerce Department regulations. As a result, the directorate annually develops and adjudicates the Department's final determination on an average of 600 Commodity Jurisdiction requests received from DoS. In addition, the LD annually develops and adjudicates the Department's final "harm to national security" decisions on an average of 30 notifications of possible export violations received from DoS.

The annual case load of 27,716 dual-use and Commerce-controlled munitions export license applications received from the Commerce Department remains substantial. In this regard, the LD develops and adjudicates the Department's final national security position on Commerce-Department-regulated, dual-use and munitions export license applications for submission to the Commerce Department based on recommendations provided by the Military Departments, the Joint Staff, and Defense Agencies. The LD defended approximately 309 disputed technology transfer requests escalated to the Commerce-Department-led dispute resolution process (Operating Committee (OC) and 12 cases escalated to the Assistant Secretary-level Advisory Committee on Export Policy (ACEP), for senior-level decisions.

In the interagency and international arena, the LD represents the Department in USG forums that deliberate dual-use and military-related license decisions that fall within the scope of the Australia Group (AG), Missile Technology Control Regime (MTCR), and Nuclear Suppliers Group (NSG). In support of U.S. policies to stem the proliferation of controlled goods and technology to foreign countries and entities of concern, and on behalf of the Department, LD reviews open-source and intelligence reporting and recommends foreign entities for inclusion on the U.S. Department of Commerce's Entity List. The Entity List places a significantly higher burden on high risk foreign parties seeking access to controlled U.S. technologies and goods. The LD is the Department's focal point for developing and disseminating final decisions to approve parties for

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

addition on the USG's Validated End-User Program, which confers favorable license-free treatment to trusted foreign companies.

The LD also serves the Department by maintaining a comprehensive repository of export information to include licensing trends, industry technology roadmaps, technical specifications, historical data, and supply chain information. This information is useful for developing export control policy, establishing technology security thresholds, and supporting Federal law enforcement agencies in pursuing violations of export control laws and interdicting illicit exports.

**International Security Directorate (ISD):**

<b>FY 2017 <u>Actual</u></b>	<b>FY 2018 <u>Estimate</u></b>	<b>FY 2019 <u>Estimate</u></b>
1,972	2,001	2,059

The International Security Directorate (ISD) carries out the responsibilities of the Secretary of Defense for U. S. national policy governing the disclosure of classified military information and materiel to foreign governments and international organizations. It provides DoD's liaison with foreign government officials for this and other purposes. In support of government and commercial international activities, ISD develops security policies and associated arrangements. The ISD also develops and negotiates security arrangements with foreign governments and international organizations. The NATO issues are a significant part of the ISD's portfolio. In this regard, the ISD represents the U.S. at the NATO Security Committee, implements NATO security regulations, develops the

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

U.S. position on NATO Security Agreements with Partnership for Peace countries, and leads the formation of the U.S. position on NATO security issues.

The ISD carries out the foregoing mission and responsibilities in various ways. First, it formulates, coordinates, and publishes the National Disclosure Policy (NDP-1). As the executive secretariat for the USG's National Disclosure Policy Committee (NDPC), it runs day-to-day operations for this body and provides administrative support for it.

The ISD also works with foreign governments and international organizations to achieve its mission. To this end, the ISD develops and negotiates general and industrial security agreements with allied and other friendly nations. In addition, it conducts on-site security assessments of foreign government security laws, policies, and practices. It provides liaison between the DoD and security officials of allied and other friendly nations on issues of mutual concern and represents the DoD's security interests in international organizations, meetings, and conferences. Examples of this responsibility include co-chairing the U.S.-Canada Security and Technology Sharing Subcommittee and representing the U.S. at the Multinational Industrial Security Working Group.

For the DoD, the ISD drafts, coordinates, and promulgates policies and procedures governing the conduct of activities that involve the sharing of classified military information and materiel (e.g., foreign visitors, personnel exchanges) with foreign governments and international organizations. The ISD also advises and provides policy advice and guidance to the DoD Components on the security aspects of security assistance, armament cooperation, and other international activities. Lastly, it develops and negotiates special security provisions for international acquisition programs (e.g., cooperative research and development, security assistance, and reciprocal procurement).

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

With respect to interagency issues, the ISD develops and provides policy advice on those sections of the ITAR that deal with security and the export of classified defense articles and technical data. Additionally, it develops or provides input on international security to U.S. industrial security policy.

Within the USG, the ISD implements policies and procedures for the protection of NATO classified information. It represents the U.S. at the NATO Security Committee meeting and on NATO working groups. It also exercises policy and operational control over the Central United States Registry, which provides oversight of Information Systems Security (INFOSEC) and document security for all NATO-affiliated agencies and organizations within the United States

One final responsibility merits mention. The ISD provides policy guidance and oversight to the Military Services, the Defense Acquisition University (DAU), the Defense Security Service (DSS) Center for Development of Security Excellence (CDSE), and the Defense Institute of Security Cooperation Studies (DISCS) on training courses pertaining to foreign disclosure and international security.

**Management Directorate (MD):**

<b>FY 2017 <u>Actual</u></b>	<b>FY 2018 <u>Estimate</u></b>	<b>FY 2019 <u>Estimate</u></b>
6,425	6,280	6,246

The Management Directorate (MD) plans, directs, and implements services in the areas of financial planning and management, contract management, human capital management,

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

technology use and integration, security, and general administrative support to ensure DTSA accomplishes its mission. Proper execution of these services ensures DTSA fulfills its technology and information security mission and meets its strategic goals.

The MD's staff helps the DTSA Director with managing the overall alignment, use, and protection of the DTSA's resources. These individuals provide the necessary professional, technical, and administrative guidance and assistance to grow a superior workforce that exceeds critical mission objectives.

The MD has wide-ranging responsibilities. It protects the DTSA's personnel and resources through with a comprehensive security program, including robust physical, and personnel, information assurance/cyber, antiterrorism/force protection, travel/personal security, communications security, operations security, special security, and security insider threat awareness programs. The DTSA Insider Threat Program (required by Presidential Memorandum on National Insider Threat Policy and Minimum Standards for Executive Branch Insider Threat Programs, November 21, 2012, and DoD Directive 5205.16, the DoD Insider Threat Program, September 30, 2014) is currently at an initial operating capability (IOC). DTSA is on track to achieve Full operating capability (FOC) in FY19. FOC requires acquisition, operation, and maintenance of user activity monitoring system(s) and additional analyst personnel. Joint Service Provider is responsible for providing the monitoring service.

Using a strict Internal Management Control Program, it safeguards DTSA's resources from fraud, waste and abuse. Based on guidance from the Director, MD plans, programs, and executes DTSA's financial resources.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

The MD also provides oversight of the DTSA's acquisition and support contract requirements. Maintaining and improving the DTSA's physical plant is still another important responsibility, which the MD executes through its facilities management program. It does so in close collaboration with the Mark Center's building management. Finally, the MD ensures that Information Technology (IT) resources remain connected, secure, and modern.

Administratively, the MD provides guidance to the broader organization by publishing, monitoring, and updating DTSA's administrative instructions, standard operating procedures, and policy memorandums. Additionally, the MD manages administers DTSA's personnel administration, evaluation, recognition, and support programs for both military and civilian employees.

Finally, the MD ensures that Information Technology (IT) resources remain connected, secure, and modern. The MD plans and operates the DTSA Continuity of Operations (COOP) plan and alternate operating location at Dover AFB, DE.

**Security Policy Automation Network (SPAN):**

<b>FY 2017 <u>Actual</u></b>	<b>FY 2018 <u>Estimate</u></b>	<b>FY 2019 <u>Estimate</u></b>
5,453	5,278	5,358



**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

The Security Policy Automation Network (SPAN) is a group of automated systems and applications that perform government-wide technology security functions. The DTSA operates and maintains the following 5 primary SPAN systems mission applications.

1. The USXPORTS provides case management and workflow tracking for munitions and dual-use license applications generated by the Departments of State (DoS), Commerce (DoC), and Energy (DoE) and reviewed by the DoD, Homeland Security, DoE, and the Treasury. The Export Licensing Information System Advisor (ELISA) associated with USXPORTS provides an electronic mechanism for industry to obtain the current status of dual-use and munitions license applications.

Under the President's Initiative for Export Control Reform, the National Security Council (NSC) selected USXPORTS as the IT platform for unifying and modernizing the U.S. Government's electronic export licensing system. DTSA was named the USG Executive Agent for USXPORTS.

The DoD, DoS, and DoE are fully on-line and using USXPORTS. The DoC is partially on-line, and the National Security Staff (NSS) directed DoC to continue its transition to USXPORTS. The DTSA continues to upgrade USXPORTS through enhancements supporting the USG export licensing adjudication processes.

2. The Spacelink is an IT application that supports the DTSA's statutory Space Monitoring mission. The system provides a web-based, collaborative environment for the DoD and industry to share and review documentation associated with a foreign space launch of U.S. technology (i.e., satellites and/or their components).

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

3. The Foreign Visits System (FVS) consists of multiple software applications used to request, approve, and confirm visits by foreign nationals to DoD facilities and organizations within CONUS.
  
4. The National Disclosure Policy System (NDPS) provides an IT infrastructure to support the functioning of the U.S. Government's National Disclosure Policy Committee, including records of decisions on exceptions to national disclosure policy. NDPS accommodates separate processing of certain, specific Disclosure requests.
  
5. The DoD Patent Application Review System (DPARS) provides case management of patent applications for DoD review, workflow tracking, and secrecy order recommendations for U.S. and foreign-filed patent applications. Also, the DPARS creates legally-required, access-acknowledgement forms sent to the U.S. Patent and Trademark Office.

For DPARS, future development will focus on the user experience and adding functionality such as conducting advanced searches, converting operators' and users' manuals to a web-based or on-line format, and creating formal Secrecy Order recommendation letters for the Services and the DTSA. Work is also ongoing to automate the connection between the DoD and the U.S. Patent and Trademark Office for the acceptance and auto-creation of cases, as well as the automatic downloading and transmission of access acknowledgement letters to the U.S. Patent and Trademark Office.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**I. Description of Operations Financed (cont.)**

All SPAN systems will need to be rehosted to a central cloud structure at an approved consolidated data center starting in FY19, IAW DoD CIO direction in response to OMB's Federal Data Center Consolidation (FDCC) initiative and Deputy Secretary of Defense Memorandum OSD004242-15, Consolidation of Pentagon Information Technology Operations, 1 May 2015.

USG personnel oversee contractor support for SPAN applications in the areas of software development, operations, maintenance and documentation. The contractor also supports SPAN infrastructure requirements, including technical support for networks, server support, mail and messaging, archiving, and database administration. This responsibility also includes SPAN system design and integration for networks and servers, design and implementation of mail and messaging solutions, technical solutions for certification, technical solutions to meet Federal archiving requirements for automated records, and technical personnel for operations in these areas.

**II. Force Structure Summary:**

**Not Applicable.**

Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

	FY 2018							FY 2019 <u>Estimate</u>
	FY 2017 <u>Actuals</u>	Budget <u>Request</u>	Congressional Action			Current <u>Estimate</u>		
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
<b>A. BA Subactivities</b>								
Defense Technology Security Agency	34,844	34,712	0	0.0	0	34,712	34,951	
<b>Total</b>	<b>34,844</b>	<b>34,712</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>34,712</b>	<b>34,951</b>	

Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2018/FY 2018</u></b>	<b><u>FY 2018/FY 2019</u></b>
<b>Baseline Funding</b>	<b>34,712</b>	<b>34,712</b>
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>34,712</b>	
Fact-of-Life Changes (2018 to 2018 Only)		
<b>Subtotal Baseline Funding</b>	<b>34,712</b>	
Supplemental		
Reprogrammings		
Price Changes		330
Functional Transfers		
Program Changes		-91
<b>Current Estimate</b>	<b>34,712</b>	<b>34,951</b>
Less: Wartime Supplemental		
<b>Normalized Current Estimate</b>	<b>34,712</b>	

Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<b>FY 2018 President's Budget Request (Amended, if applicable)</b>		<b>34,712</b>
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
<b>FY 2018 Appropriated Amount</b>		<b>34,712</b>
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
<b>FY 2018 Baseline Funding</b>		<b>34,712</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2018 Estimate</b>		<b>34,712</b>
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
<b>FY 2018 Normalized Current Estimate</b>		<b>34,712</b>
6. Price Change		330
7. Functional Transfers		
8. Program Increases		312
a. Annualization of New FY 2018 Program		
b. One-Time FY 2019 Increases		
c. Program Growth in FY 2019		
1) Extra Compensable day	261	
Increase reflects one additional compensable day in FY 2019. (FY 2018 Baseline: \$24,360 thousand)		
2) Operational Support	51	
The increase reflects in operational support such as rent, purchased communication, and management professional support services. (FY 2018 Baseline: \$869 thousand)		

OP-5 Exhibit - Operation and Maintenance Detail

Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget

**III. Financial Summary (\$ in thousands)**

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
9. Program Decreases		-403
a. Annualization of FY 2018 Program Decreases		
b. One-Time FY 2018 Increases		
c. Program Decreases in FY 2019		
1) Other Intra-govt Purchases	-212	
The decrease reflects less intra-government purchases due to transfer of information technology to Joint Services Provider (JSP) (FY 2018 Baseline: \$698 thousand)		
2) Travel of Persons	-108	
Reduction in planned travel due to organizational efficiencies. (FY 2018 Baseline: \$717 thousand)		
3) Other Services	-50	
The decrease reflects efficiencies on contract services. (FY 2018 Baseline: \$531 thousand)		
4) Defense Finance and Accounting System	-18	
The decrease reflects reductions in scheduled DFAS support services. (FY 2018 Baseline: \$569 thousand)		
5) Information Technology Contract	-15	
Decrease reflects new pricing in Information Technology contract. (FY 2018 Baseline: \$5,278 thousand; +19 FTEs)		
<b>FY 2019 Budget Request</b>		<b>34,951</b>

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

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

Technology Security Actions (TSAs) represent work accomplished by the DTSA. A typical TSA represents a unit of work, which allows for the tracking and analysis of our business activity. On average DTSA processes 130,000 actions annually, such actions actually counted represent the application of resources to achieve all mission, regulatory, statutory goals, and objectives. Some TSAs are devoid of precise performance or time measurement. For example, the development of an International Agreement may take months of work, negotiation, and coordination before actual implementation, where the review of a license is measured and tracked daily.

Percent of Munitions and Dual-Use Licenses referred back to regulatory agencies within statutory timelines. In FY 2018 and FY 2019, DTSA will adjudicate 100% of Munitions and Dual-Use export license applications received from the Departments of State and Commerce within prescribed statutory timelines.

<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
100%	100%	100%



Defense Technology Security Administration  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2019 President's Budget

<u>V. Personnel Summary</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change FY 2017/ FY 2018</u>	<u>Change FY 2018/ FY 2019</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>1</u>	<u>0</u>
Officer	7	8	8	1	0
<u>Reserve Drill Strength (E/S) (Total)</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>0</u>	<u>0</u>
Officer	15	15	15	0	0
Enlisted	6	6	6	0	0
<u>Civilian End Strength (Total)</u>	<u>124</u>	<u>132</u>	<u>132</u>	<u>8</u>	<u>0</u>
U.S. Direct Hire	121	129	129	8	0
Total Direct Hire	121	129	129	8	0
Reimbursable Civilians	3	3	3	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>1</u>	<u>0</u>
Officer	7	8	8	1	0
<u>Reserve Drill Strength (A/S) (Total)</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>0</u>	<u>0</u>
Officer	15	15	15	0	0
Enlisted	6	6	6	0	0
<u>Civilian FTEs (Total)</u>	<u>124</u>	<u>132</u>	<u>132</u>	<u>8</u>	<u>0</u>
U.S. Direct Hire	121	129	129	8	0
Total Direct Hire	121	129	129	8	0
Reimbursable Civilians	3	3	3	0	0
Average Annual Civilian Salary (\$ in thousands)	195.0	188.8	191.8	-6.2	3.0
<u>Contractor FTEs (Total)</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>0</u>	<u>0</u>

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

**FY 2018 to FY 2019:** No FTE/Contractor FTE changes.

**Average Annual Civilian Salary:** FY 2017 to FY 2019 - The program adjustments are due to price changes and adjustments to correct the cost estimate per full-time equivalent.

**Defense Technology Security Administration  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2019 President's Budget**

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

<u>OP 32 Line</u>	<u>FY 2017</u>	<u>Change</u>		<u>FY 2018</u>	<u>Change</u>		<u>FY 2019</u>
		<u>Actuals</u>	<u>FY 2017/FY 2018</u>		<u>Estimate</u>	<u>FY 2018/FY 2019</u>	
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	23,592	461	307	24,360	124	261	24,745
<b>199 Total Civ Compensation</b>	<b>23,592</b>	<b>461</b>	<b>307</b>	<b>24,360</b>	<b>124</b>	<b>261</b>	<b>24,745</b>
308 Travel of Persons	661	11	45	717	13	-108	622
<b>399 Total Travel</b>	<b>661</b>	<b>11</b>	<b>45</b>	<b>717</b>	<b>13</b>	<b>-108</b>	<b>622</b>
696 DFAS Financial Operation (Other Defense Agencies)	515	-6	60	569	29	-18	580
<b>699 Total DWCF Purchases</b>	<b>515</b>	<b>-6</b>	<b>60</b>	<b>569</b>	<b>29</b>	<b>-18</b>	<b>580</b>
914 Purchased Communications (Non- Fund)	191	3	-67	127	2	15	144
915 Rents (Non-GSA)	2,966	50	-1,090	1,926	35	35	1,996
920 Supplies & Materials (Non- Fund)	240	4	91	335	6	0	341
932 Mgt Prof Support Svcs	165	3	1	169	3	1	173
959 Other Costs (Insurance Claims/Indmnties)	0	0	1	1	0	0	1
960 Other Costs (Interest and Dividends)	1	0	0	1	0	0	1
987 Other Intra-Govt Purch	816	14	-132	698	13	-212	499
989 Other Services	543	9	-21	531	10	-50	491
990 IT Contract Support Services	5,154	88	36	5,278	95	-15	5,358
<b>999 Total Other Purchases</b>	<b>10,076</b>	<b>171</b>	<b>-1,181</b>	<b>9,066</b>	<b>164</b>	<b>-226</b>	<b>9,004</b>
<b>Total</b>	<b>34,844</b>	<b>637</b>	<b>-769</b>	<b>34,712</b>	<b>330</b>	<b>-91</b>	<b>34,951</b>