

**Fiscal Year 2018 President's Budget
Defense Technology Security Administration (DTSA)**



May 2017

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**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2018 President's Budget**

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

	FY 2016 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2017 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2018 <u>Estimate</u>
DTSA	33,216	599	1,602	35,417	664	-1,369	34,712

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.¹ 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

¹ Visit <http://www.dtsa.mil/> for more information.

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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 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

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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 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.

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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 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

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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 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

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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.

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:

FY 2016	FY 2017	FY 2018
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
1,056	1,113	1,116

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

OP-5 Exhibit - Operation and Maintenance Detail

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

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Technology Security and Foreign Disclosure Office (TSFDO):

FY 2016	FY 2017	FY 2018
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
644	691	727

The Technology Security and Foreign Disclosure Office (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.

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

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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.

Policy Directorate (PD):

FY 2016	FY 2017	FY 2018
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
4,603	4,915	4,825

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. PD, as the focal point for DoD policy on technology security, provides strategic analysis of technology transfer trends, issues, and opportunities.

As directed or delegated by law, regulation, DoD Directive, or DoD Instruction, PD leads the DoD's efforts in a wide variety of technology security and export control matters.

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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 and oversees DoD input in all Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Wassenaar Arrangement (Export Controls for Conventional Arms and Dual-Use Goods and Technologies) activities. 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 played an instrumental role in ensuring that the DoD's national security interests were not undermined in Arms Trade Treaty negotiations and entry-into-force.

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. PD has been 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.

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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, 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), PD 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.

PD plans and executes all of DTSA's bilateral international engagements including the Cooperative Technology Security Program (CTSP). The CTSP is a DoD Ministry of Defense Advisory (MoDA) Program-funded initiative in which PD experts advise other countries in the establishment of technology security institutions and mechanisms for the purpose of

protecting sensitive U.S. warfighter technologies. CTSP can lead to greater confidence for the USG in the technology security and export control capabilities of partner countries, and thus is a key enabler of greater security cooperation with partner countries.

For DTSA itself, the PD plays a leading role in several activities. In support of the DTSA's License Directorate, PD reviews commercial munitions and dual-use export license

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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.

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). DTSA also has active and robust programs for legislative liaison and public affairs, for which PD is responsible. The DoD components produce or update a considerable number of issuances (directives, instructions, manuals and directive-type memos) every year. PD oversees and coordinates the review of all issuances that pertain to technology security, export control, or Defense trade.

PD's workload and accomplishments for a typical year are considerable. PD plans, coordinates, and executes more than 100 international engagements, including approximately 15 major multilateral negotiations at the office-director-level and approximately 25 senior-level engagements requiring overseas travel for DTSA's Director. It also conducts approximately 100 outreach activities with industry and academia each year. 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):

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<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
7,539	8,013	7,943

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 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

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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.

Licensing Directorate (LD):

<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
5,643	5,827	5,760

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.

Comprised of a Munitions Division and Dual-Use Division, the LD reviews an average of approximately 53,284 munitions and dual-use export license applications per year. The LD experienced a decrease in license volume and complexity as a result of Export Control Reform-mandated revisions to the State Department's International Traffic in Arms

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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 conducts commodity classification reviews for the Commerce Department to determine the appropriate export control classification number (ECCN) for an item or technology. The LD also spearheads the Department's 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 of export violations to U.S. national security.

Munitions Licensing Division

The Munitions Licensing Division's (MLD) annual workload is considerable. It processes an average of 22,813 munitions export license applications received from the Department of State (DoS). In accomplishing this huge task, it develops and adjudicates the DoD's final national security decision on munitions-related export license applications for submission to the DoS. Such decisions are based on recommendations provided by the Military Departments, the Joint Staff, and defense agencies.

The MLD drafts, proposes, and provides the Department's position on proposed changes to rules and regulations of the ITAR, to include export control parameters and licensing exemptions (e.g., exports for which U.S. Government approval is not needed), based on recommendations provided by the Military Departments, the Joint Staff, and defense agencies.

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The MLD's technical expertise and experience is frequently sought in a variety of projects and forums. For example, the MLD serves as the Department's export licensing experts on a variety of technology security teams that address major DoD defense and cooperative programs (e.g., Joint Strike Fighter (JSF) and Missile Defense). These programs require the expertise of the DTSA's subject matter experts - and often considerable time. The MLD 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).

Finally, the MLD 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 whether an item or technology is governed by the State Department's licensing regulations. As a result, the Munitions Division annually develops and adjudicates the Department's final determination of an average of 700 Commodity Jurisdiction requests received from DoS. MLD also annually develops and adjudicates the Department's final "harm to national security" decision on an average of 38 notifications of possible export violations received from DoS.

Dual-Use Division

Like the MLD, the Dual-Use Division's (DD) annual workload is substantial. The DD annually processes an average of 30,471 dual-use and Commerce-controlled munitions export license applications received from the Commerce Department. In this regard, the DD develops and adjudicates the Department's final national security position on Commerce-Department-regulated, dual-use and munitions export license applications for submission

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to the Commerce Department based on recommendations provided by the Military Departments, the Joint Staff, and Defense agencies. The DD annually escalates approximately 480 disputed technology transfer requests to the Commerce-Department-led dispute resolution process (Operating Committee (OC) and the Assistant Secretary-level Advisory Committee on Export Policy (ACEP), for senior-level decisions.

Based on recommendations provided by the Military Departments, the Joint Staff and defense agencies, the DD drafts, proposes, and provides the Department's position on dozens of proposed changes to rules and regulations in the Export Administration Regulation (EAR) each year.

In the interagency and international arena, the DD 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). It also plays a key role in commodity classification requests administered under Commerce's Export Administration Regulation (EAR). The DD reviews such requests concerning U.S.-controlled technology and responds to U.S. industry's requests for advisory opinions. In support of U.S. policies to stem the proliferation of controlled goods and technology to foreign countries and entities of concern, the DD recommends who should be added to the U.S. Department of Commerce's Entity List. Lastly, the DD develops and disseminates the Department's final decisions on including parties to the USG's Validated End-User Program, which confers favorable treatment to trusted foreign companies.

The DD also serves the Department by maintaining a comprehensive repository of export information - to include licensing trends, industry technology roadmaps, technical

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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):

<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
1,761	1,822	1,834

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 material 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 programs, ISD develops security policies and associated arrangements. The ISD also develops and negotiates security arrangements with allied and other friendly governments. The NATO issues are a significant part of the ISD's portfolio. In this regard, the ISD implements NATO security regulations, develops the 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.

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The ISD carries out the foregoing mission and responsibilities in various ways. First, it formulates, coordinates, and publishes 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 bodies 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 evaluations 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 programs that involve the foreign release or sharing of classified military information and material (e.g. foreign visitors, personnel exchanges). The ISD also advises and provides policy advice and guidance to the DoD Components on the security aspects of security assistance, arms cooperation, and other international programs. Lastly, it develops and negotiates special security provisions for international programs (e.g., cooperative research and development, security assistance, and reciprocal procurement).

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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 Systems Management College (DSMC), the Defense

Security Service (DSS), and the Defense Institute of Security Assistance Management (DISAM) on training courses pertaining to foreign disclosure and international security.

Space Directorate (SD):

	FY 2016	FY 2017	FY 2018
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Non-Reimbursable	404	460	848
Reimbursable	3,615	3,218	3,015

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The Space Directorate (SD) protects U.S. space-related technological advantages and prevents the diversion or proliferation of critical technology, which in the wrong hands could prove detrimental to U.S. national security. The SD promotes the U.S. space industry's competitiveness in the international marketplace by providing responsive monitoring services that support the U.S. space industry's State-Department-approved export requests. The State Department's jurisdiction under the International Trade in Arms Regulation (ITAR) applies when an exported U.S. satellite or related item(s) will be launched from a foreign launch vehicle.

The SD maintains a qualified and readily available workforce that can respond quickly to industry's demands for monitoring services. SD monitors technical data and defense services associated with approved launches of U.S. satellites by non-U.S. launch vehicles and other rocket-related programs to prevent the unauthorized transfer of critical U.S. space-related technology.

The SD deploys its monitors when the State Department's Directorate of Defense Trade Controls (DDTC) imposes special export controls (SECs) on space-related export authorizations (i.e., licenses and Technical Assistance Agreements). SECs are mandatory when a U.S. 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. Licenses for evaluating launch failures in such cases also require reimbursement from industry.

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I. Description of Operations Financed (cont.)

Although SECs are not required under the ITAR for the launch of U.S.-origin satellites 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. When DoS' Directorate of Defense Trade Controls (DDTC) imposes SECs on an export authorization, then the DTSA/SD will address the given export authorization and accompanying SECs in the manner described above. The DoD, however, bears the costs of implementing these SECs, not industry. Should a launch failure occur in such cases, a separate mandatory license is required for investigation and analysis. Licenses for these kinds of activities do not require reimbursement from industry.

DTSA has converted SD's currently filled reimbursable billets to appropriated fund (non-reimbursable) billets to address the uneven workload between reimbursable and non-reimbursable monitoring of space-launch activities. This change will allow DTSA to charge fair costs to industry while enabling it to assign converted monitors to appropriated duties within DTSA as needed. This move will give DTSA much greater flexibility in using its workforce to full capacity because full-time reimbursable employees are not allowed to charge industry for performing tasks within DTSA that are not reimbursable or supported by appropriated funds.

Management Directorate (MD):

FY 2016 <u>Actual</u>	FY 2017 <u>Estimate</u>	FY 2018 <u>Estimate</u>
6,591	7,123	6,097

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I. Description of Operations Financed (cont.)

The Management Directorate (MD) plans, directs, and implements services in the areas of financial planning and management, contract management, human capital management, 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). Full operating capability (FOC) is required for FY18. FOC requires acquisition, operation, and maintenance of user activity monitoring system(s) and additional analyst personnel.

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I. Description of Operations Financed (cont.)

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.

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):

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I. Description of Operations Financed (cont.)

<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
4,975	5,453	5,562

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 7 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.

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I. Description of Operations Financed (cont.)

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).
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 Foreign Disclosure System (FDS) provides an IT infrastructure to track approved disclosures of classified military information to foreign governments. FDS is currently scheduled to be decommissioned in FY18.
5. 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. In FY16 NDPS was updated to accommodate separate processing of certain, specific Disclosure requests. The new functionality is scheduled to be operational in FY17. Enhancements and modifications are expected through 2020.
6. 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.

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I. Description of Operations Financed (cont.)

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.

All SPAN systems will need to be rehosted to a central cloud structure at an approved consolidated data center starting in FY18, 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 The DTSA uses an IT services contractor to for support of 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.

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I. Description of Operations Financed (cont.)

Under the President's Initiative for Export Control Reform, the NSC selected the USXPORTS as the IT platform for unifying and modernizing the U.S. Government's electronic export licensing system.

To date, the Departments of State and Defense are fully on-line and using the system. Work on merging the Departments of Commerce and Energy into USXPORTS with State and Defense is ongoing and nearing completion. Commerce and Energy are expected to come on line in the near future. The DTSA continues to upgrade USXPORTS by building enhancements that support the export licensing adjudication processes of the Departments of State, Commerce, and Energy.

Future development of the DPARS will require more user-friendly functions, 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.

II. Force Structure Summary:

Not Applicable.

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III. Financial Summary (\$ in thousands)

	FY 2017							FY 2018 <u>Estimate</u>
	FY 2016 <u>Actual</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>		
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
A. BA Subactivities								
Defense Technology Security Agency	33,216	35,417	0	0.0	0	35,417	34,712	
Total	33,216	35,417	0	0.0	0	35,417	34,712	

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2017/FY 2017</u>	<u>FY 2017/FY 2018</u>
Baseline Funding	35,417	35,417
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	35,417	
Fact-of-Life Changes (2017 to 2017 Only)		
Subtotal Baseline Funding	35,417	
Supplemental		
Reprogrammings		
Price Changes		664
Functional Transfers		
Program Changes		-1,369
Current Estimate	35,417	34,712
Less: Wartime Supplemental		
Normalized Current Estimate	35,417	

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2017 President's Budget Request (Amended, if applicable)		35,417
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2017 Appropriated Amount		35,417
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2017 Baseline Funding		35,417
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2017 Estimate		35,417
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2017 Normalized Current Estimate		35,417
6. Price Change		664
7. Functional Transfers		
8. Program Increases		130
a. Annualization of New FY 2017 Program		
b. One-Time FY 2018 Increases		
c. Program Growth in FY 2018		
1) Operations Cost	130	
The increase reflects an increase in DFAS support, supplies and materials and other services. (FY 2017 Baseline: \$1,446 thousand)		
9. Program Decreases		-1,499
a. Annualization of FY 2017 Program Decreases		
b. One-Time FY 2017 Increases		
c. Program Decreases in FY 2018		

OP-5 Exhibit - Operation and Maintenance Detail

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III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
1) Major DoD Headquarters Activities As part of the Department of Defense reform agenda, eliminates 4 civilian full-time equivalent positions and resources to maintain civilian staffing at reduced level. Decrease reflects the DTSA's plan for Streamlining Management Headquarters. (FY 2017 Baseline: \$24,075 thousand; +4 FTEs)	-751	
2) Mark Center Rent The reduction reflects pricing structure for Mark Center tenant due to transfer of common Information Technology support services to Joint Service Provider (JSP). (FY 2017 Baseline: \$2,996 thousand)	-717	
3) Service Requirement Review Board (SRRB) As part of Department of Defense reform agenda, the incremental reduction accounts for consolidation and reduction of service contracts. (FY 2017 Baseline: \$610 thousand)	-31	
FY 2018 Budget Request		34,712

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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 140,000 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, DTSA will adjudicate 100% of Munitions and Dual-Use export license applications received from the Departments of State and Commerce within prescribed statutory timelines.

FY 2016	FY 2017	FY 2018
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
100%	100%	100%

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V. <u>Personnel Summary</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>Change FY 2016/ FY 2017</u>	<u>Change FY 2017/ FY 2018</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>0</u>	<u>-1</u>
Officer	9	9	8	0	-1
<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>125</u>	<u>134</u>	<u>132</u>	<u>9</u>	<u>-2</u>
U.S. Direct Hire	123	131	129	8	-2
Total Direct Hire	123	131	129	8	-2
Reimbursable Civilians	2	3	3	1	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>0</u>	<u>-1</u>
Officer	9	9	8	0	-1
<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>125</u>	<u>134</u>	<u>132</u>	<u>9</u>	<u>-2</u>
U.S. Direct Hire	123	131	129	8	-2
Total Direct Hire	123	131	129	8	-2
Reimbursable Civilians	2	3	3	1	0
Average Annual Civilian Salary (\$ in thousands)	186.5	183.8	188.8	-2.7	5.0
<u>Contractor FTEs (Total)</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>0</u>	<u>0</u>

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FY 2016 to FY 2017: The changes reflect hiring-lag to direct funded full-time equivalent (FTE) personnel.

FY 2017 to FY 2018: Program changes reflect net decrease of two FTE by realigning 4 reimbursable billets to the direct side, offset by decreasing 2 FTE from management headquarters activities consistent with department-wide headquarters reductions. Reimbursable activity is paid by industry.

Contractor FTEs (Total): No change.

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

<u>OP 32 Line</u>	<u>FY 2016</u>	<u>Change</u>		<u>FY 2017</u>	<u>Change</u>		<u>FY 2018</u>
		<u>FY 2016/FY 2017</u>			<u>FY 2017/FY 2018</u>		
	<u>Actual</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
101 Exec, Gen'l & Spec Scheds	22,939	432	704	24,075	470	-185	24,360
199 Total Civ Compensation	22,939	432	704	24,075	470	-185	24,360
308 Travel of Persons	613	12	90	715	14	-12	717
399 Total Travel	613	12	90	715	14	-12	717
696 DFAS Financial Operation (Other Defense Agencies)	501	-20	49	530	-21	61	570
699 Total DWCF Purchases	501	-20	49	530	-21	61	570
914 Purchased Communications (Non- Fund)	118	2	0	120	2	1	123
915 Rents (Non-GSA)	2,824	54	118	2,996	60	-1,133	1,923
920 Supplies & Materials (Non- Fund)	274	5	29	308	6	21	335
932 Mgt Prof Support Svcs	141	3	0	144	3	0	147
959 Other Costs (Insurance Claims/Indmnties)	47	1	-47	1	0	0	1
960 Other Costs (Interest and Dividends)	1	0	0	1	0	0	1
987 Other Intra-Govt Purch	290	6	312	608	12	-169	451
989 Other Services	493	9	-36	466	9	47	522
990 IT Contract Support Services	4,975	95	383	5,453	109	0	5,562
999 Total Other Purchases	9,163	175	759	10,097	201	-1,233	9,065
Total	33,216	599	1,602	35,417	664	-1,369	34,712