

Fiscal Year (FY) 2008/FY 2009 Budget Estimates

Defense Security Service (DSS)



February 2007

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DEFENSE SECURITY SERVICE
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2008/FY 2009 Budget Estimates

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity 4: Defense Security Service (DSS)

	<u>FY 2006</u>	<u>Price</u>	<u>Program</u>	<u>FY 2007</u>	<u>Price</u>	<u>Program</u>	<u>FY 2008</u>	<u>Price</u>	<u>Program</u>	<u>FY 2009</u>
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
DSS	345,139	20,387	-73,395	292,131	7,079	73,247	372,457	8,180	-1,986	378,651

* The FY 2007 Estimates exclude \$1,567 thousand for Emergency Supplemental funds for the Global War (PL 109-234).

I. Description of Operations Financed:

The Defense Security Service (DSS) plays a crucial role in safeguarding our Nation's security. The DSS assures protection of U.S. and foreign classified information in the possession of industry; facilitates the personnel security process; delivers security education and training; and provides information technology services in support of DoD and partner agency industrial and personnel security missions through the agency's four mission areas:

1. National Industrial Security Program (NISP)
2. Personnel Security Clearance Office (PSC) (formerly Collaborative Adjudication Services (CAS))
3. Security Training and Education Program (SETA)
4. Defense Information System for Security (DISS)

1. National Industrial Security Program (NISP)

The DSS administers the NISP on behalf of the Department and 23 other non-DoD Government departments and agencies, to include the Departments of Homeland Security, State, and Justice, and 60 foreign countries. The DSS works in partnership with industry to establish and maintain threat-appropriate security countermeasures. Through oversight,

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I. Description of Operations Financed (continued):

advice, and consultation, DSS ensures that contractors maintain effective security systems that: (1) protect classified information and technologies; (2) deter and detect acts of espionage; and (3) counter the threat posed by traditional and non-traditional adversaries which target the classified information in the hands of industry. The DSS provides proactive, industrial security countermeasure support to more than 11,500 cleared contractor facilities.

a. Personnel Security Investigations for Industry: The DSS identifies the requirements and centrally programs and manages the costs for personnel security investigations (PSIs) for all industry personnel in support of all Department of Defense (DoD) components and 23 other federal agencies under the National Industrial Security Program (NISIP). As contract personnel are often employed on projects in support of many Executive Branch agencies, this centralized financing program provides an economy of scale by dramatically reducing the overhead costs associated with the management of these requirements across the federal government. The number of clearances required has grown annually since 9/11 because of the global war on terrorism (GWOT), the increased outsourcing of federal workload to meet critical needs as well as the President's Management Agenda (PMA), and intelligence reforms mandated by the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004. More specifically, the post-9/11 period has seen growth in the numbers of contractor personnel required to access classified information, the transition of very sensitive tasks previously limited to military or government personnel to contractors, and the wider dissemination of intelligence and other highly classified information throughout the military, intelligence and security community. As a result, the requirement for the necessary but more costly Single Scope Background Investigations has sharply increased, producing a greater cost per clearance. Note: This function transferred from DSS' Industrial Security Program (ISP) to the Personnel Security Clearance Office (PSC) in FY 2006.

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I. Description of Operations Financed (continued):

b. Industrial Security Program (ISP) - Support to the NISP: The Industrial Security Program administers the majority of NISP oversight activities. Through the Facility Clearance Branch, the DSS determines the eligibility of contractor business entities for access to classified information by evaluating factors such as business structure, past performance, and foreign ownership, control or influence factors (FOCI). Once DSS clears a facility, DSS field operations provide ongoing security oversight, consultation, and assistance throughout the cleared facility's life cycle. At facilities under FOCI, the DSS oversees and monitors the development and application of FOCI mitigation measures to reduce the risk of foreign interests gaining unauthorized access to U.S. classified or export controlled information and weapons systems. This enhances the ability of the U.S. industrial base to provide goods and services more securely in a global market. The DSS also oversees the international movement of classified weapons systems and materials in direct commercial sales to foreign buyers. The steady flow of these shipments positively affects U.S. allies' ability to support the U.S. effort in GWOT and combined operations and enhances their own security. The growth in cleared facilities under FOCI and the international movement of weapons represent an increasing DSS workload, due in part to the evolution of the U.S. national security strategy and objectives and the changed security environment.

2. Personnel Security Clearance Office (PSC) (formerly the Collaborative Adjudicative Services (CAS))

The DSS established the Collaborative Adjudication Services (CAS) program in 2005 to transform DSS business processes and develop business capabilities at the enterprise level. In 2006, the office was renamed to Personnel Security Clearance Office (PSC) to reflect its actual responsibilities better. The PSC focuses on the DoD Personnel Security Program operations. The PSC consists of the Defense Industrial Security

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I. Description of Operations Financed (continued):

Clearance Office (DISCO), the DoD Clearance Liaison Office (CLO), the Counterintelligence Office (CI), and the Polygraph Office (PO).

a. Defense Industrial Security Clearance Office (DISCO): The DISCO determines the eligibility of contractors and their employees for access to classified information. The DISCO adjudicates clearances on applicants for an industrial security clearance. In FY 2005, the DISCO issued 84,812 interim clearance eligibilities, declined 10,981 interim eligibilities, and made 124,737 final clearance determinations based on adjudication of reports of investigation. In addition, the DISCO completed 77,863 actions to resolve requests to research, recertify, or upgrade clearance eligibility where prior clearance eligibility existed or to convert eligibility from a non-JPAS contributing agency such as a non-DoD federal agency.

b. Clearance Liaison Office (CLO): When the personnel security investigative function transferred from the DSS to OPM, oversight of the investigation process was vested in the Clearance Liaison Office (CLO). The CLO manages the Department-wide and Service-specific priorities and requirements that remain despite turning the investigation process over to OPM. As such, the CLO serves as the single point of contact within DoD for communications with OPM, and other investigative providers, regarding investigative processing issues, basic DoD priorities, and critical requirements for specific military commands and DoD components. The CLO coordinates intelligence, counter-intelligence, and polygraph functions that require investigative and adjudicative enhancements, and issues pertaining to the investigation of cleared individuals overseas and for access to special programs. Additionally, CLO develops and analyzes performance metrics on various functions in the clearance process (i.e., congressionally mandated metrics for workload projections, investigative submissions, and adjudication timeliness.)

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I. Description of Operations Financed (continued):

c. Counterintelligence (CI): The DSS Counterintelligence Support Program:

1. Provides CI support to the Insider Threat Program, the Research and Technology Protection (RTP) Program, the Critical Infrastructure Protection (CIP) Program, the Anti-Terrorism/Force Protection (ATFP) Program, and the Information and Capabilities Protection (ICP) Program for the early detection and referral of cases of potential espionage;
2. Assists the defense industry in the recognition and reporting of foreign collection attempts, particularly against critical military technologies. These programs also support the development of security countermeasures tailored to the appropriate threat;
3. Provides direct support to the National Industrial Security Program (NISP), the Security Education and Training Awareness (SETA) Program, and the Arms, Ammunition, and Explosives Program (AAEP);
4. Supports Defense Industrial Security Clearance Office (DISCO) and Defense Office of Hearings and Appeals (DOHA) activities;
5. Provides the intelligence community with analytical referrals indicative of foreign collection interests and methods of operation against cleared defense contractors. These programs also provide DSS with tools to assist cleared defense industry in countering threats to research/technology undertakings and critical infrastructures that the Department of Defense has determined to be among its highest priority concerns;
6. Conducts CI/Security awareness training to industry, conducts joint IS/CI facility inspections, supports 36 CI Working Groups, and executes industrial

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I. Description of Operations Financed (continued):

security/CI training missions at the DSS Academy, the Joint Counterintelligence Training Academy (JCITA), and the FBI Academy; and

7. Produces and distributes 65,000 copies of the Technology Collections Trends in the U.S. Defense Industry, and 5,000 copies of the classified version to DoD customers. This document makes up over 80 percent of the National Counterintelligence Executive's (NCIX) annual report to Congress on foreign collection against U.S. entities.

d. The Polygraph Office (PO): The PO provides trained polygraph examiners who conduct evaluations in support of the DoD personnel security program and the Counterintelligence program, aimed at resolving specific significant issues affecting an individual's eligibility to gain or maintain access to classified information.

3. Security Education Training and Awareness Program (SETA)

The SETA provides security education, training, and awareness programs in support of the DoD. The SETA establishes professional security standards and certifications for the DoD security workforce. The SETA also oversees the operations of the DSS Academy (DSSA) and the Outreach and Awareness (O&A) organizations.

a. The Defense Security Service Academy (DSSA): The DSSA, accredited by Council on Occupational Education (COE), provides security education and training to DoD civilian, military, and contractor personnel and select groups of security professionals from other federal agencies and foreign governments. It provides a common, unifying means to prepare individuals for their security program roles, facilitates the development of effective security programs for the DoD, and reduces the need for duplicative training, and its associated infrastructure, within DoD and the Federal Government. The target

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I. Description of Operations Financed (continued):

audience for DSSA instruction includes security professionals, military personnel who perform security functions, and other DoD or contractor personnel who require security training. DSSA's training programs focus on safeguarding national security assets to include DoD's classified information and the critical infrastructure within the Defense Industrial Base (DIB) and throughout DoD. In this respect, the process of developing and delivering tools and information that maintain and increase the level of professionalism within the security community directly contributes to DoD's strategy to defeat terrorist networks and defend the homeland in depth.

The DSSA creates and conducts standardized resident and mobile training and customized security training in the varied and interdependent security disciplines that support a sound national security protection program. The curriculum areas include industrial security, information security, general security, personnel security, and Special Access Programs. DSSA is the primary provider of security training for the Department of Defense. The DSSA also provides mandated training for Facility Security Officers within Defense industry.

DSSA develops and distributes training products in a variety of formats to include distance-delivered E-Learning (such as Computer Based Training (CBT)), Web Based Training, Video Tele-Conferencing (VTC), and performance improvement tools. In FY 2006, DSSA recorded over 34,083 course completions. This represents an increase of approximately 20% increase over FY 2005 and approximately 111% over FY 2004.

Included as part of its business transformation efforts DSSA has developed quality assurance metrics for its courseware and tools to ensure the quality, relevance and cost effectiveness of the professional development services and support provides to DoD's security and intelligence communities. DSSA also provides for the development and

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management of the automated registration and learning distribution systems necessary to support its customer base. This includes the transition of legacy systems from stand-alone to integrated components of the Defense Information System for Security (DISS).

b. Outreach and Awareness (O&A): The Outreach and Awareness (O&A) organization maintains a career development program for the Department's security and intelligence professionals and works to increase the knowledge and awareness of the DoD cleared workforce. O&A provides professional development, outreach opportunities, and security awareness products through proactive and timely product and service delivery.

The O&A organization reduces the reliance on traditional training, and its associated infrastructure, as the sole means by which the Department informs, educates, and influences the behaviors of its target audiences. The O&A organization balances formal education with researched and targeted distribution of outreach, awareness, and training products, helping the Department realize cost savings, eliminate redundancy, and achieve consistency and standardization. This results in the improvement of the knowledge, professionalism, and effectiveness of its target audiences.

The Professional Development Office (PDO) links the DSSA curriculum and career mapping for the Department's security professionals with practitioners of security functions for the Department. The PDO establishes and maintains continuing education programs in support of strategic initiatives to broaden the knowledge of security professionals and enhance professionalism within the security community. The PDO, partnered with PERSEREC and select contractors, facilitates the DoD Security Professional Education and Development (SPED) Certification Program. The SPED is an emergent professional development and certification program for the DoD security community. It will be the

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I. Description of Operations Financed (continued):

primary source to professionalize the DoD security workforce and will provide a structured career path and certification process for security professionals

O&A chairs the Security Awareness Education Working Group (SAEWG). This forum develops, coordinates, recommends, disseminates, and leverages security awareness and education resources and products throughout the Department's security and intelligence communities. Through intra-departmental coordination, the SAEWG's efforts leverage economies of scale and foster collaborative working relationships to identify the best and most cost effective means for developing clear and consistent awareness information and products to the entire DoD community. O&A also participates in many other DoD and federal agency working groups to promote security awareness.

4. Defense Information System for Security (DISS)

The DISS will become the Department's single authoritative system for security information; provide DoD with its primary means for collecting, analyzing, and sharing security and performance information; eliminate redundant systems; and reduce costs associated with personnel security investigations. The DISS will:

a. provide a single, secure, authoritative source for the management, storage and timely dissemination of and access to personnel and industrial security information with the flexibility to provide additional support structure for future DoD security process growth.

b. accelerate the clearance process, reduce security clearance vulnerabilities, decrease back-end processing timelines, and support simultaneous information sharing

c. improve support to the Insider Treat and Personal Identity programs.

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The DISS will incorporate five major functional areas: Personnel Security; Adjudicative Case Management; Industrial Security; File & Archive; and Security Education.

The DISS will integrate several previously disparate security systems (e.g., Joint Personnel Adjudication System (JPAS), e-Questionnaire for Investigation Processing (e-QIP), Defense Clearance and Investigations Index (DCII), Investigative Records Repository (IRR), Educational Network Registration and On-Line Learning (ENROL); and the Industrial Security Facility Database (ISFD).) This will create a robust, real-time capability for all DoD participants in the Military Departments, DoD Agencies, and the National Industrial Security Program. In addition, the DISS will include an automated records check (ARC) functionality and an adjudicative case management capability

Operational Support Activities:

The DSS Operational Support Activities include the Office of the Director, the Office of the Chief Information Officer, the Office of Support Services, the Office of Communication, and the Inspector General. These functions provide agency wide direction and support.

The Office of Chief Information Officer (CIO) supports Automated Information Systems and telecommunications for the Defense Security Service National Industrial Security Program, Counterintelligence activities, and Security Education and Awareness Training. In addition, the CIO plans, programs, and manages the activities associated with the development and implementation of DISS. This includes the ongoing support and maintenance of the legacy systems (i.e., JPAS) that will eventually be integrated components of the DISS.

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The Office of Support Services is the principal advisor to the agency Director and senior management on all aspects of human resources, financial management, agency acquisition, internal security, and support services. In FY 2007, the DSS is scheduled to undergo workforce studies in the areas of financial management, contracting and acquisition, CIO, and human research to ensure DSS is compliant with all legal and statutory requirements in the these areas and identify present gaps in critical skills the DSS requires to plan and implement the agency's transformational initiatives.

The DSS Inspector General's Office is within the Office of the Director, DSS. The role of the Inspector General's office is to promote independent and objective evaluations of agency programs and processes, evaluate management controls and compliance with DoD Directives, and develop a systematic program for identifying fraud, waste, abuse, mismanagement, and security incidents within DSS and other DoD programs.

The DSS Office of Communication (OC) serves as a public information service by delivering accurate and timely information about DSS, and its mission, goals, and activities to our customers, the public, and Congress. The OC also facilitates communication within the DSS and shares information relating to the agency's mission, strategies, and activities throughout the DSS community.

Agency-wide Themes:

In the conduct of operations, the DSS is keenly aware that the post 9/11 security threats are fundamentally different from those facing the nation when DSS was organized. Therefore, and in harmony with the Quadrennial Defense Review (QDR) and Strategic Planning Guidance (SPG), the DSS must adapt as well. To accomplish the required restructuring, three major themes shape and inform all DSS operational efforts:

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I. Description of Operations Financed (continued):

(1) Systems modernization, (2) Agency transformation (including BRAC), and (3) Workforce restructuring.

Systems Modernization

Systems modernization primarily focuses on the development of an integrated security enterprise architecture. The DISS and its components support DoD efforts to re-engineer or streamline the key business processes associated with personnel security investigations, adjudications and reciprocity, and the provision of industrial security services including those associated with NISP oversight. The intent of such efforts is to improve the Department's understanding of the relative security of and risks to classified information held both in the DIB and by cleared DoD personnel. Additionally, the intent is to improve process efficiency and effectiveness and to produce cost savings and cost avoidance opportunities associated with providing industrial and personnel security and security oversight. The DISS will functionally integrate the DSS' primary business areas or services. The DISS will provide a single web based portal for the security community and the DIB, thereby enabling the rapid sharing of personnel and industrial security information. The DISS development efforts are also supporting the deployment of information assurance safeguards to protect the information within the DISS and the Global Information Grid (GIG).

Agency Transformation

While BRAC is an external mandate, it provides a vehicle for agency change. BRAC mandates the co-location of all Department Adjudication activities at Ft Meade and all Department Counter-Intelligence Service and Support activities at MCB Quantico. This will enable a more holistic approach to both process and product in the delivery of services to DoD as well as capturing efficiencies in cost.

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Another overarching process that DSS must develop is a comprehensive agency-wide governance process that includes the capability to develop, document, and plan IT requirements in support of indigenous DSS systems, as well as the Department's emerging requirements as they relate to the DISS. This will in turn support the DSS acquisition strategy for DISS development and implementation.

Workforce Restructuring

Workforce restructuring efforts will focus on three areas: (1) identifying the right number of FTEs and mix of skills required to support the present mission; (2) identifying the right number of FTEs and mix of skills required to support a transformed agency; and (3) closing the present skills and FTE gap prior to the BRAC moves. Personnel studies will include a review of DSS' strategic job families (Industrial Security Reps, adjudicators, etc.). These studies will continue the work done in FY 2007 on elements of the headquarters activities (i.e., financial management, contracting, CIO and human resources) which focus on establishing internal expertise in disciplines that are necessary to support agency transformation efforts scheduled for FY 2008 - FY 2013. The DSS will use the information from these studies, as well as internal studies completed in FY 2005 and FY 2006, to plan and manage the restructuring of field elements of the Industrial Security workforce.

There are four issues that adversely affect DSS' ability to administer the NISP effectively. These issues increase the likelihood that the loss or compromise of classified information will not be detected or reported in a timely manner: (1) DSS' increasing need for more IT/technically savvy workforce to support the review and monitoring of contractor's classified and sensitive information systems; (2) increases in the number of cleared contractor personnel and associated information systems at the facilities; (3) inability to retain a skilled workforce due to high cost of living in

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I. Description of Operations Financed (continued):

these areas and (4) tremendous competition with private industry for trained security personnel who have clearances primarily on the East and West coasts. DSS has completed the initial steps required for the administrative upgrading of key positions and will seek in this POM/BES the funds and FTE authorization to address the increased workload and upgrade of key field positions.

II. Force Structure Summary: Not applicable to DSS.

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III. Financial Summary (\$ in Thousands)

A. <u>Budget Activity (BA) 4</u>	FY 2007							
	<u>FY2006</u>	<u>Budget</u>	<u>Congressional Action</u>			<u>Current</u>	<u>FY 2008</u>	<u>FY 2009</u>
			<u>Actuals</u>	<u>Request</u>	<u>Amount</u>			
1. National Industrial Security	31,908	40,590	-403	-1.0	40,187	40,187	51,408	44,868
2. PSI for Industry	219,858	186,046	6,074	+3.2	192,120	192,120	233,100	237,887
3. Collaborative Adjudication Services	18,700	18,503	-184	-1.0	18,319	18,319	18,873	21,562
4. Security Education Training Awareness	6,745	7,392	-73	-1.0	7,319	7,319	10,793	10,722
5. Counterintelligence Programs	4,555	0	0	0	0	2,612	2,569	2,617
6. Defense Information System for Security	19,506	20,500	-203	-1.0	20,297	20,297	30,041	28,347
7. Management HQ Activities	<u>43,867</u>	<u>14,028</u>	<u>-139</u>	-1.0	<u>13,889</u>	<u>13,889</u>	<u>25,673</u>	<u>32,648</u>
Total BA 4	345,139	287,059	5,072	+1.8	292,131	292,131	372,457	378,651

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III. Financial Summary (continued):

B. <u>Reconciliation Summary</u>	Change <u>FY 2007/FY 2007</u>	Change <u>FY 2007/FY 2008</u>	Change <u>FY 2008/FY 2009</u>
Baseline Funding	287,059	292,131	372,457
Congressional Adjustments (Distributed)	8,000	n/a	n/a
Congressional Adjustments (Undistributed)	-1,588	n/a	n/a
Adjustments to Meet Congressional Intent	-147	n/a	n/a
Congressional Adjustments (General Provisions)	-1,193	n/a	n/a
Subtotal Appropriated Amount	292,131	n/a	n/a
Fact-of-Life Changes (CY to CY Only)		n/a	n/a
Subtotal Baseline Funding	292,131	n/a	n/a
Anticipated Supplemental		n/a	n/a
Reprogrammings		n/a	n/a
Price Changes		7,079	8,180
Functional Transfers			
Program Changes		73,247	-1,986
Current Estimate	292,131	372,457	378,651
Less: Wartime Supplemental			
Normalized Current Estimate	292,131	372,457	378,651

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III. Financial Summary (continued):

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
FY 2007 President's Budget Request		287,059
1. Congressional Adjustments		
a. Distributed Adjustments - Personnel Security Investigations	8,000	5,072
b. Undistributed Adjustments - Unobligated Balances	-1,588	
c. Adjustments to meet Congressional Intent		
d. General Provisions		
1) Sec 8106 - Economic Assumptions	-985	
2) Sec 8097 - Excessive Growth in Travel and Transportation	-208	
e. Congressional Earmarks - Environmental Impacts on Indian Lands	-147	
FY 2007 Appropriated Amount		292,131
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
FY 2007 Baseline Funding (subtotal)		292,131
4. Reprogrammings (requiring 1415 Actions)		
		292,131
Revised FY 2007 Estimate		
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4 Reprogrammings, Iraq Freedom Fund Transfers		
FY 2007 Normalized Current Estimate		292,131
6. Price Change		7,079
7. Functional Transfers		
8. Program Increases		

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	<u>Amount</u>	<u>Total</u>
C. <u>Reconciliation of Increases and Decreases</u>		
a. Annualization of new FY 2007 Program		
b. One-Time FY 2008 Costs		
c. Program Increases -		73,361
<u>National Industry Security Program</u> - Provides funds for mission critical operations in direct support of the National Industrial Security Program (NISP) to include contracts support to clear and review facilities, provide foreign ownership and influence (FOCI) mitigation and Special Access Program (SAP) Support.	10,126	
<u>PSI for Industry</u> - Maintains funding for PSI for Industry at FY 2006 level, after adjustment to remove 25 percent OPM surcharge and add 8 percent FY 2007 OPM price increase.	36,584	
<u>Collaborative Adjudication Services</u> - Provides funding to establish a Clearance Liaison and Oversight function to analyze PSI projections and liaise between the Military Departments and Office of Personnel Management.	2,737	
<u>Security Education Training and Awareness</u> - Provides funding to develop and maintain training capabilities for adjudicators and DoD security managers who use the Joint Personnel Adjudication System (JPAS).	3,274	
<u>Defense Information Systems for Security</u> - Provides funding to deploy the Automated Records Check (ARC) evaluation system that will provide real-time notification of security-relevant issues regarding the cleared population; and to develop and implement electronic screening and adjudication that eliminates human review of unremarkable security investigations.	9,191	

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III. Financial Summary (continued):

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
<u>Management HQ Activities</u> - Provides required funding for the most basic headquarters activities in direct support of program missions. These activities include financial and contract management support, information technology security and other infrastructure support activities.	11,449	
9. Program Decreases		-114
a. Annualization of FY 2007 Program Decreases		
b. One-Time FY 2007 Decreases		
c. Program Decreases in FY 2008 Counter Intelligence, affordability decrease	-114	
FY 2008 Budget Request		372,457
10. Price Change	8,180	8,180
11. Functional Transfers		
12. Program Increases		
a. Annualization of new FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Increases		8,700
<u>Collaborative Adjudication Services</u> - Provides funding to maintain operational costs associated with the Clearance Liaison and Oversight functions established in fiscal year (FY) 2008.	2,274	
<u>Management HQ Activities</u> - Maintains funding for the most basic headquarters activities in direct support of program missions.	6,426	
13. Program Decreases		-10,686
a. Annualization of FY 2008 Program Decreases		

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III. Financial Summary (continued):

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
b. One-Time FY 2008 Decreases		
c. Program Decreases		
National Industry Security Program	-7,672	
PSI for Industry	-341	
Security Education Training and Awareness	-308	
Counterintelligence Programs	-9	
Defense Information Systems for Security	-2,356	
 FY 2009 Budget Estimate		 378,651

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IV. Performance Criteria and Evaluation Summary

The Defense Security Service (DSS) underwent an agency transformation during FY 2004 and FY 2005. The DSS is developing a new performance management system to reflect the changes of the transformed agency and to provide measures of performance that are more meaningful. The DSS Balanced Score Card for the Transformed Agency is. Corporate measures have been validated as of May 2006 and await final approval, which is scheduled to occur in the first quarter FY 2007. DSS' next steps are to collect what data is presently available to acquire base line measurements, continue to develop the means by which to collect the remaining performance data (primarily through the development and deployment of DISS) and to set performance targets based on baseline measurements. Data regarding internal employee and human capital performance will be collected initially. Metrics are expected to improve as DSS meets its authorized end strength.

Agency Measures

The agency has developed measures in support of its three primary goals: (1) successfully protect national assets and interests (under DSS cognizance) on behalf of DoD; 2) consistently satisfy customer needs; and (3) manage the agency well. Goals and measures at the Agency level are very generic in their presentation and nature. However, the agency has cascaded these measures to its primary business areas. Measurement within these business areas pertain to the program or process specific outcomes. Agency measures will roll up for the entire agency.

GOAL 1: Successfully protect national assets and interests on behalf of DoD
MEASURE: DoD satisfaction rate with DSS programs and performance.

The intent of this measure is to determine and track overall satisfaction of major stakeholders with the services provided by DSS in its role of protecting national assets and interests. As DoD and DSS do not yet have the direct means to collect data that will

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IV. Performance Criteria and Evaluation Summary (continued):

help DoD measure the relative security and risk to the classified information in the possession of the NISP and other cleared DoD persons and relate this the relative security to the warfighter and the homeland, DSS has had to develop a more subjective means to obtain this key performance measurement. DSS' assumption is that since DSS acts on behalf of DoD, DoD is the best judge of how well DSS is fulfilling its mission.

GOAL 2: Consistently satisfy customer needs
MEASURE: DSS customer satisfaction rate

The intent of this measure is to determine customer satisfaction with DSS performance in providing specific products and services. DSS plans to conduct customer surveys by discipline/ product (CI, CAS, ISP, etc) and those surveys will touch 100% of the customer base (annually).

MEASURE: Customer complaints per unit of service

The intent is to show whether DSS is sustaining and improving the quality and efficiency of the program by measuring changes in customer complaints regarding timeliness and quality. "Valid complaint" is a complaint that applies to a product or service provided by DSS and identifies an instance or set of instances where DSS failed to meet a specified or agreed to requirement.

GOAL 3: Manage the agency well
MEASURE: DoD satisfaction with the DSS Leadership Team

Determine and track overall satisfaction of major stakeholders with the services provided by DSS in its role of protecting national assets and interests. The intent is to create

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IV. Performance Criteria and Evaluation Summary (continued):

an overall index of satisfaction with the DSS Leadership Team. Since DSS acts on behalf of DoD, DoD is the best judge of how well DSS is fulfilling its mission.

MEASURE: Cost per unit of product of service

This measure's intent is to determine overall efficiency of DSS processes and operations. Failure to meet delivery goals in some cases may be due to outside causes; these will be identified.

DSS, using a balanced scorecard approach, has also developed strategic objectives and associated measures that more specifically address DSS' customers; internal process; personnel, culture and its internal IT infrastructure; and financial results. Some key objectives and measures are identified below. It is for these and future measures for which DSS is developing the capability to collect data. A complete list is available upon request.

CUSTOMER

OBJECTIVE: Deliver centralized information resources & support

MEASURE: Percentage of supportable requests completed within a timeframe

MEASURE: percentage of customer base using tools

OBJECTIVE: Adjust service appropriate to risk

MEASURE: Customer satisfaction rating for service provided appropriate to risk

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IV. Performance Criteria and Evaluation Summary (continued):

INTERNAL PROCESSES

OBJECTIVE: Research and develop new security and information sharing tools and services

MEASURE: percentage of User satisfaction with new tools or services

MEASURE: percentage of new tools developed verses planned

OBJECTIVE: Build and operate a viable process improvement and engineering function

MEASURE: Process improvement performance index

MEASURE: Percentage of Processes engineered/improved

MEASURE: Agency resources spent on rework

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V. <u>Personnel Summary</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	Change <u>FY 2007/</u> <u>FY 2008</u>	Change <u>FY 2008/</u> <u>FY 2009</u>
<u>Civilian End Strength (Total)</u>	544	582	602	602	20	0
U.S. Direct Hire	544	582	602	602	20	0
Total Direct Hire	544	582	602	602	20	0
Foreign National Indirect Hire						
 <u>Civilian FTEs (Total)</u>						
U.S. Direct Hire	534	576	598	602	22	4
Total Direct Hire	534	576	598	602	22	4
Average Annual Civilian Salary	\$95,875	\$105,648	\$108,062	\$109,113	\$9,773	\$1,051

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VI. <u>OP 32 Line Items as Applicable (Dollars</u> <u>in Thousands):</u>	Change			Change			Change			FY 2009 <u>Estimate</u>
	FY 2006 <u>Actuals</u>	FY 2006/FY 2007		FY 2007 <u>Estimate</u>	FY 2007/FY 2008		FY 2008 <u>Estimate</u>	FY 2008/FY 2009		
<u>OP 32 Line</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>										
101 Executive, General & Special Schedule	51,059	1,174	8,620	60,853	1,826	1,942	64,621	1,486	-421	65,686
106 Benefits to Former Employees	138	3	-141	0	0	0	0	0	0	0
107 Voluntary Separation Incentive Pay	0	0	0	0	0	0	0	0	0	0
199 TOTAL CIVILIAN PERSONNEL COMPENSATION	51,197	1,177	8,479	60,853	1,826	1,942	64,621	1,486	-421	65,686
<u>TRAVEL</u>										
308 Travel of Persons	1,144	25	374	1,543	35	2,415	3,993	88	655	4,736
399 TOTAL TRAVEL	1,144	25	374	1,543	35	2,415	3,993	88	655	4,736
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>										
673 Defense Finance and Accounting Service	482	-46	528	964	-46	287	1,205	-64	88	1,229
699 TOTAL PURCHASES	482	-46	528	964	-46	287	1,205	-64	88	1,229
<u>OTHER PURCHASES</u>										
912 Rental Payments to GSA (SLUC)	2,468	54	-905	1,617	40	1,712	3,369	84	589	4,042
913 Purchased Utilities (Non- Fund)	0	0	0	0	0	0	0	0	0	0
914 Purchased Comm (Non-Fund)	2,470	43	-1,669	844	11	2,490	3,345	70	-105	3,310
915 Rents (Non-GSA)	2,618	105	723	3,446	79	-1,712	1,813	40	8	1,861
917 Postal Service	230	10	117	357	16	-166	207	10	140	357
920 Supplies & Materials (Non- Fund) (Previously in 417)	2,630	58	-488	2,200	51	745	2,996	66	-2,212	850
921 Printing and Reproduction	138	3	76	217	5	-141	81	2	0	83
922 Equipment Maintenance by Contract	4,211	93	-2,361	1,943	45	-1,715	273	6	255	534
923 Facility Sustainment, Restoration, Modernization Cont	28	1	-29	0	0	0	0	0	0	0
925 Equipment Purchases (non- Fund)	0	0	0	0	0	376	376	8	302	686
931 Contract Consultants	6,825	150	-4,055	2,920	67	-1,728	1,259	28	6,440	7,727
932 Management and Professional	5,119	113	-1,708	3,524	81	-1,337	2,268	50	6,283	8,601

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VI. <u>OP 32 Line Items as Applicable (Dollars</u> <u>in Thousands):</u>	Change			Change			Change			FY 2009 <u>Estimate</u>
	FY 2006 <u>Actuals</u>	FY 2006/FY 2007		FY 2007 <u>Estimate</u>	FY 2007/FY 2008		FY 2008 <u>Estimate</u>	FY 2008/FY 2009		
<u>OP 32 Line</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
Support Services										
933 Studies, Analyses & Evaluations	605	13	611	1,229	28	13,096	14,353	316	-14,064	605
934 Engineering & Technical Services	45,085	992	-26,716	19,361	445	13,892	33,698	741	518	34,957
937 Locally Purchased Fuel (Non-Fund) (Previously in 401)	0	0	0	0	0	0	0	0	0	0
987 Other Intra-Government Purchases (8% Price Growth)	219,858	17,592	-46,337	191,113	4,396	37,591	233,100	5,128	-341	237,887
989 Other Contracts	0	0	0	0	0	5,500	5,500	121	-121	5,500
998 Other Costs	31	1	-32	0	0	0	0	0	0	0
999 TOTAL OTHER PURCHASES	292,316	19,228	-82,773	228,771	5,264	68,603	302,638	6,670	-2,308	307,000
9999 TOTAL OPERATION & MAINTENANCE	345,139	20,384	-73,392	292,131	7,079	73,247	372,457	8,180	-1,986	378,651

* The FY 2007 Estimate column excludes \$1,567 thousand of FY 2007 Emergency Supplemental funds for the Global War obligations (PL 109-234).

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