

Fiscal Year 2014 Budget Estimates
DEFENSE TECHNOLOGY SECURITY ADMINISTRATION



April 2013

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**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2014 Budget Estimates**

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

Budget Activity (BA) 4: Administration and Service Wide Activities

	FY 2012 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2013 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2014 <u>Estimate</u>
DTSA	33,611	310	1,398	35,319	468	-636	35,151

FY 2012 to FY 2013 Changes: Program changes include increase in Mark Center rent which was reduced by 50 percent in FY 2012 due to BRAC move. Civilian compensation - includes price change of \$310 thousand and program growth of \$1,398 thousand. The program growth includes the salary adjustment due to the hiring lag in FY 2012 to get to estimated cost for full civilian compensation for FY 2013.

FY 2013 to FY 2014 Changes: Reflects price change of \$468 thousand and program change of negative \$636 thousand. This reduction reflects the civilian pay raise rates, adjustment to management support contracts and reduction in operational cost.

I. Description of Operations Financed: The Defense Technology Security Administration (DTSA) promotes and defends the United States (U.S.) national security interests by protecting critical technology while building relationships and interoperability with friends and Allies. The DTSA's mission is to guard against critical technology exports that threaten national security objectives and undermine U.S. Foreign Policy. The DTSA is the principal defense agency responsible for providing direction and stewardship of technology security policies and making informed coordinated recommendations on the national security implications of international transfers of controlled technology, goods, and services subject to the licensing requirements of the Departments of Commerce and State under DoD Directive 5105.72. The DTSA coordinates the DoD review of Department of State license applications for the export of defense-related goods and services under the International Traffic in Arms Regulations (ITAR) and Department of Commerce license requirements regarding the export of sensitive dual-use goods and technologies under the Export Administration Regulations (EAR). Dual use technology facilitates development of legitimate commercial products, improving the overall defense industrial base of a country. The performance of these activities assists in setting policies and regulations to help achieve the DTSA goals to:

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I. Description of Operations Financed (cont.)

- Preserve the U.S. defense edge by preventing the proliferation and diversion that could prove detrimental to U.S. national security.
- Engage U.S. Allies and partners to increase interoperability and protect critical technology.
- Facilitate the health of the U.S. industrial base.
- Align and utilize resources to support DTSA's mission.

For more information visit: <http://www.dtsa.mil>

In August 2011, the Secretary of Defense emphasized a key challenge facing the Department of Defense in reducing defense spending and improving controls over financial reporting. The DTSA implemented the Defense Agency Initiatives (DAI) to improve its financial reporting information, which resulted in realigning the presentation of the DTSA Directorates from its previous FY 2012 President's Budget Justification Estimates. The descriptions of operations financed reflect the realigned/renamed DTSA Directorates and their respective FY 2012 - FY 2014 Estimates.

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I. Description of Operations Financed (cont.)

Executive Operations:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	1,461	1,530	1,555

The DTSA Director shall administer the development and implementation of DoD technology security policies on international transfers of defense-related goods, services, and technologies to ensure the following:

- critical U.S. military technological advantages are preserved;
- transfers that could prove detrimental to U.S. security interests are controlled and limited;
- proliferation of weapons of mass destruction and their means of delivery is prevented;
- diversion of defense-related goods to terrorists is prevented;
- legitimate defense cooperation with foreign friends and allies is supported; and
- the health of the defense industrial base is assured.

The Technology Security and Foreign Disclosure Office (TSFDO) falls under the Executive Directorate. In December 2010, the Deputy Secretary of Defense directed the establishment of the Technology Security and Foreign Disclosure Office (TSFDO) to harmonize and streamline top level and high level decisions for U.S. technology release requests. In accordance with this decision, DTSA is hosting, managing, and supporting the TSFDO to include providing partial manning, office space, security and logistical support. In order to accomplish its mission, TSFDO will consult with and provide guidance to DoD Technology Security and Foreign Disclosure (TS&FD) authorities; implement improved manual and automated procedures; coordinate and direct actions; conduct

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I. Description of Operations Financed (cont.)

screening and triage for prioritized requests; develop consolidated policy documents; frame issues for senior-level adjudication, appeal and decision; coordinate analyses for prioritized TS&FD issues; and conduct TS&FD policy and process outreach across the TS&FD community.

Technology Security Policy:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	4,386	4,580	4,661

The Technology Security Policy (TSP) is operated under Policy Directorate (PD). This Directorate is organized into three divisions, focusing on: regional issues; multilateral negotiations and intra/extra-governmental liaison to partners in government and industry; and strategic issues (including intelligence assessments). The Directorate's personnel support, lead, develop, implement, and monitor implementation of DoD and U.S. Government (USG) technology security policies for assigned activities. These activities ensure that technology security concerns and objectives are integrated into DoD policy decisions and broader USG national security policies. The TSP Directorate is responsible for conveying interagency technology security decisions to the DoD policy community and ensuring policy considerations are presented to DTSA technical and licensing staffs. Examples of these activities are:

- The development of individually tailored programs to ensure that allies and partners, receiving cutting-edge U.S. technology have the capacity to protect it. Such programs can require intensive negotiation/instruction and consultation.
- Development of policies, practices, and procedures to protect critical U.S. technology in support of broader U.S. and Departmental strategies. The President's Strategic

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I. Description of Operations Financed (cont.)

Guidance, issued in 2012, places a renewed emphasis on sharing the international defense burden with allies and coalition partners. There is a continuing and evolving need to ensure that technology security policies support this guidance.

- The Wassenaar Arrangement (WA) - DTSA is the DoD lead for the development and implementation of policy positions relating to the WA. Representatives from TSP and other DoD offices send representatives to express DoD's viewpoint and preserve the Department's equities by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations. The WA is a critical component of the U.S. nonproliferation and export control strategy. The WA is the primary mechanism for DoD to impose export control requirements on emerging technologies. The Department encourages participating States' representation to foster international security viewpoints.
- Export Control Reform (ECR) - The TSP Directorate is the lead for development of DoD's export control reform efforts as part of the Administration's ECR initiative. TSP ensures that revised policies, new legislation, and new controls are consistent with the Secretary of Defense's ECR objectives of protecting critical military and intelligence-related technology while at the same time facilitating exports to Allies and close partners.
- Trade Security Controls (TSC) Program - The TSC program's objective is to prevent illegal acquisition or other unauthorized transfers of DoD property, by or to individuals, entities, and/or countries whose interests are adverse to U.S. national security. The commodities include items, technology, and services controlled on the U.S. Munitions List (USML) and the Commerce Control List (CCL). The TSP maintains the policy guidance and chairs a Working Group to review policies, monitor implementation, and address and resolve issues raised by DoD components.

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I. Description of Operations Financed (cont.)

- Sanctions on Foreign Governments and Entities - The TSP Directorate is the DoD lead for coordinating - activities with regard to sanctions on foreign governments or entities for transfer of conventional arms and other export controlled items and technologies to countries of national security and proliferation concern.
- Committee on Foreign Investment in the United States (CFIUS) - Beginning in FY 2012, the Department's CFIUS function transferred to the Office of the Under Secretary of Defense, Acquisition, Technology and Logistics by the direction of the Secretary of Defense Efficiency Initiatives. However, with a significantly reduced staff, DTSA serves as the Office of the Under Secretary of Defense, Policy's (OUSD/P) primary agency for evaluating the potential effects on the sale of military goods, equipment, or technology to countries that support terrorism, missile technology proliferation, and the proliferation of chemical or biological weapons. The DTSA must consider the potential effects of CFIUS transactions on U.S. technological leadership in areas affecting U.S. national security and critical infrastructure, and whether the acquirer is controlled by, or acting on behalf of, a foreign government.
- United Nations Register of Conventional Arms - The TSP Directorate serves as the OUSD/P, point of contact to this international arms transparency effort that supports openness in the import and export of conventional weapons.
- Arms Trade Treaty under the auspices of the United Nations (UN) First Committee - The United Nations began conducting consultations in 2008, intended to lead to the negotiation of a legally-binding treaty on trade in conventional arms in 2012. The UN has revised the timeline for these negotiations into 2013. Implementation of the resulting treaty is expected to continue indefinitely. TSP represents DoD interests within the interagency and serves on the delegations to negotiations. Once the treaty is adopted, TSP will coordinate DoD's implementation efforts.

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I. Description of Operations Financed (cont.)

- TSP represents DoD interests within the interagency and serves on the delegations to negotiations.
- Bilateral Outreach - The TSP Directorate conducts bilateral outreach to partners who have acquired U.S. technology, thus building relationships and emphasizing the importance of proper protection of defense technology. The TSP's education program increases interaction with DTSA's partner's understanding of technology security requirements as well as partner willingness to properly protect the technology they acquire.
- Other duties - The TSP Directorate represents Combatant Commanders, Military Services, and the Joint Staff technology security positions in bilateral and multilateral forums. This function ensures that U.S. national security concerns are properly articulated and integrated into international technology security efforts. The TSP Directorate also drafts specific control or technology security policies for specific technologies and commodities.

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I. Description of Operations Financed (cont.)

Technology Engineering Operations:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	7,953	8,174	8,303

The Technology Engineering Operations (TEO) is operated under Technology Directorate (TD). TEO is the primary source of advice on technical matters pertaining to international transfers of defense-related commodities and technologies. The TEO's primary responsibility is defining the point at which technology becomes critical from a national security perspective, reviewing international transfers of military technology, defense articles, and/or dual-use items consistent with DoD technology security objectives, and recommending viable technical solutions that maintain the U.S. and allied warfighter's edge while mitigating risks when national security goals make transfer and imperative or preferred option. The TEO staffs apply relevant engineering and scientific knowledge and defense related technical expertise to the evaluation of international technology transfers and the shaping of technology security policy. The TEO staff provides technical evaluations and recommendations of international technology transfers consistent with U.S. national security interests and DoD technology security objectives. The TEO is the only source for engineering and scientific analysis for critical military technologies, defense article capabilities, and balancing between military and civil applications of dual-use commodities.

- During FY 2012 the TEO Directorate provided technical evaluations and recommendations for international transfers of defense-related commodities and technologies as follows:
 - o 16,698 export license applications
 - o 1,274 public release security reviews

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I. Description of Operations Financed (cont.)

- o 105 Committee on Foreign Investment in the U.S. filings
- o 86 Exception to National Disclosure Policy requests
- o 155 international agreement reviews
- Technology transfer evaluation includes identifying all militarily critical technologies, validating the viability of the stated end use, and identifying relevant foreign availability. The purpose of the technical evaluation is to assess the impact on legitimate defense cooperation with foreign friends and allies and the health of the U.S. defense industrial base is considered in order to maintain the balance between national security concerns and appropriate business opportunities.
- The TEO Directorate ensures the scientific and technical quality of DoD proposals submitted by the USG for international consideration to the Wassenaar Arrangement, the Missile Technology Control Regime, the Australia Group, and other multilateral organizations. The staff reviews proposals from other control regime member countries and establishes a technical negotiating strategy that advances DoD technology security interests in both the USG interagency and international negotiations. The TEO Directorate ensures that technically robust arguments are prepared to negotiate new and updated export controls with both USG interagency and international technical experts, to ensure that DoD equities are satisfied and effectively implemented in international export control.
- The TEO Directorate scientifically and technically reviews and validates changes to the International Traffic in Arms Regulations and the Export Administration Regulations to ensure the revisions are credible, adequate, efficient, and justified.
- The TEO Directorate initiates and directs independent research, studies, and analysis of militarily critical technologies and develops strategies for control of emerging munitions and dual-use technology exports, with a primary emphasis on U.S. and allied national security, Economic and trade issues.

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I. Description of Operations Financed (cont.)

Export Control Operations:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	5,573	6,012	6,118

The Export Control Operations (ECO) is operated under Licensing Directorate (LD). ECO is the DoD entry and exit point for all DoD actions related to the USG's licensing of export controlled goods, technology and services via direct commercial sales. The ECO is DoD's principle source of advice on licensing and regulatory issues pertaining to international transfers of defense-related commodities and technologies. The ECO's critical role is identifying national security concerns related to exports of sensitive technology; developing and adjudicating DoD positions that effectively protect and mitigate these concerns while assuring that exports of military technology, defense articles, defense services, and/or dual-use commodities and technology facilitate the U.S. industrial base and increase interoperability of U.S. allies and partners.

- The ECO coordinates, develops and adjudicates the DoD position on export licenses, commodity jurisdiction determinations, export violation and pre-trial disclosures, export rules and regulations received from the Departments of Commerce (DoC) and Department of State (DoS). The DoD's recommendations address technology security policies, warfighter protection, prevent the diversion of sensitive technology and the proliferation of technology related to the development or production of Weapons of Mass Destruction which could be detrimental to U.S. national security. The ECO is responsible for providing the coordinated DoD response on such requests with regard to DoD national security, technology security transfer, and export control policies.

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I. Description of Operations Financed (cont.)

- The DTSA continues to work with the National Security Staff and other executive branch agencies and departments on the Presidential directive to reform the United States s current Export Control system. The ECO Directorate is the DoD lead for ECR regulatory review of current International Traffic and Arms Regulation (ITAR) and Export Administration Regulation (EAR) control language. This systematic review, based on the impact the reform would have on U.S. national security, will analyze the current export control requirements and identify the appropriate technology and articles that require license authorization from the USG. It is anticipated that, upon completion of the full proposed export reform effort, the result will be an efficiency increase in licensing operations under both the DoS and DoC export licensing systems. Under the current licensing system DoD export license review requirements are anticipated to grow 2 to 3 percent per year in the near future, although the full implementation of export control reform proposals may lead to steady or probable drops in these requirements.
- The ECO's two divisions analyze either DoS Munitions licenses or DoC Dual-Use export cases.
 - Munitions - The Munitions Division reviewed and adjudicated 43,002 munitions export license applications, commodity jurisdiction determinations requests, and export violation reviews received from the DoS in FY 2012. This was an increase in the number of cases from FY 2011. Over the past 11 years, the number of export licenses from DoS has steadily increased from 14,235 in 1999 to 43,002 in 2011. Additionally, DTSA supports DOS export compliance officials, and DHS and FBI law enforcement officials by identifying the national security impact when

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I. Description of Operations Financed (cont.)

the rules and regulations of the Arms Export Control Act (AECA) have been violated. This review process is governed by the AECA, the International Traffic in Arms Regulations (ITAR) and its U.S. Munitions List (USML), as well as by mandates directed by National Security Presidential Directive (NSPD) 56. As the final arbitrator of the DoD position, DTSA's role in this process is absolutely critical. DoD license recommendations developed by DTSA/ECO support the national security interests of vital DoD major weapon systems and defense programs (e.g., Joint Strike Fighter and Missile Defense).

- Dual-Use - The Dual-Use Division reviewed and adjudicated 19,971 dual-use export license requests received from the DOC in FY 2012. This was a decrease in the number of cases from FY 2011 and represents a status quo continuation of licenses since 1999. Initial implementation of ECR could lead to a 50 percent increase in dual use export reviews by the DoD in FY 2013 and beyond. To mitigate any national security concerns raised by dual use export transactions, exports requiring the review of pertinent DoD military departments and support agencies are staffed out by DTSA for the appropriate technical evaluation, policy review and intelligence analysis. The final DoD recommended position must be staffed, reviewed, analyzed and adjudicated within a 30 day timeline mandated by Executive Order (EO) 12981 for consistency with U.S. national security objectives and the DoD technology security policies. The review process is governed by the Export Administration Act (EAA) and Export Administration Regulations (EAR) implemented by the Department of Commerce Bureau of Industry and Security (DoC/BIS). Although the EAA expired on August 20, 2001, EO 13222 of August 17, 2001, 3 CFR, 2001 Comp., p. 783 (2002), as extended by the Notice of August 15, 2007, 72 FR 46137 (August 16, 2007), continued the Export Administration Regulations in effect under the International Emergency Economic Powers Act (IEEPA). In December 1995,

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I. Description of Operations Financed (cont.)

EO 12981 outlined procedures for interagency coordination and adjudication of dual-use export license applications submitted to the DoC.

International Security Operations:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	1,528	1,577	1,585

The International Security Operations (ISO) is operated under International Security Directorate (ISD). ISO carries out the responsibilities of the Secretary of Defense for the U.S. national policy governing the disclosure of classified military information and material to foreign governments and international organizations. The Directorate is responsible for the security aspects of all international cooperative programs for the DoD. The Directorate serves as the United States Security Authority for NATO Affairs (USSAN) and is responsible for issuing U.S. Government policies and procedures for protecting and safeguarding NATO classified information. The Directorate is responsible for providing U.S. participation at NATO in the formulation of NATO security policies and procedures. The Directorate establishes DoD policy on visits and assignments of Foreign Nationals to the DoD. The Directorate's functions are established pursuant to U.S. law, treaty, and international agreements and are in direct support of the Arms Export Control Act, Executive Order 13526, National Security Decision Memorandum 119, the National Disclosure Policy (NDP-1) and Presidential Directive on Information Sharing with Australia, Canada, the United Kingdom, and New Zealand.

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I. Description of Operations Financed (cont.)

- ISO is responsible for the operation and administration of the interagency National Disclosure Policy Committee (NDPC) charged with the responsibility for developing and promulgating national policy governing the disclosure of classified military information and material to foreign governments and international organizations (National Disclosure Policy (NDP-1)).
- ISO is the OSD staff element responsible for establishing and promulgating DoD security policies, procedures and standards necessary for effective implementation of NDP-1 throughout the DoD.
- ISO is the OSD staff element responsible to the OUSD/P for the formulation, implementation and oversight of the security aspects of all international bilateral and multilateral cooperative programs to ensure that U.S. security interests are protected.
- ISO prepares for and negotiates General Security Agreements (GSAs) and Industrial Security Agreements per Presidential and National Security Council directive.
- ISO arranges and conducts on-site security assessments of foreign governments' security programs to ascertain and monitor the capability of foreign governments which the United States has established bilateral GSAs to protect U.S. classified information.
- The Directorate prepares for and hosts foreign government security officials in the conduct of reciprocal security assessments.
- ISO serves as the DoD Designated Security Authority for international cooperative programs.

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I. Description of Operations Financed (cont.)

- ISO serves as the U.S. Security Authority to NATO and represents the United States on the NATO Security Committee and its working groups and develops the interagency coordinated U.S. position on NATO security matters.
- ISO is the OSD staff element responsible for establishing and promulgating DoD policies for the Defense Personnel Exchange Program (DPEP), the Foreign Liaison Officer (FLO) Program, the Cooperative Personnel Program, and the Foreign Visits Program.
- ISO represents the United States on the Multinational Industrial Security Working Group (MISWG).
- ISO develops and provides policy oversight of international security training programs for the DoD and Defense industry.

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I. Description of Operations Financed (cont.)

Space Monitoring Non-Reimbursable:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	92	175	175

The Space Monitoring (SM) Directorate is responsible for providing non-reimbursable monitoring services to industry in accordance with State Department licenses and the International Traffic in Arms Regulations (ITAR). This funding supports 1 direct full time equivalent (FTE) that administers SM Directorate monitoring, which includes the review and approval prior to release of technical data to foreign parties and the monitoring of technical assistance and defense services between U.S. and foreign persons at technical meetings and launch campaigns. The SM Directorate monitors rocket and satellite programs that present sufficient risk of inadvertent technology transfer that may merit monitoring. This monitoring is allowed under the ITAR, but DoD bears the full cost for this monitoring.

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I. Description of Operations Financed (cont.)

Space Monitoring Reimbursable:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	2,357	2,500	2,800

The Space Monitoring (SM) Directorate is responsible for providing reimbursable monitoring services to industry in accordance with State Department licenses and the International Traffic in Arms Regulations (ITAR). The SM Directorate monitoring consists of the review and approval prior to release of technical data to foreign parties and the monitoring of technical assistance and defense services between U.S. and foreign persons at technical meetings and launch campaigns. The SM is a reimbursable program per Public Law 105-261 for all technical data reviews and defense service monitoring associated with the launching of U.S. commercial communication satellites aboard foreign non-NATO or non-major ally launch vehicles.

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I. Description of Operations Financed (cont.)

Enterprise Operations Support:	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	5,667	7,581	7,484

The Enterprise Operations Support (EOS) is operated under Management Directorate (MD). EOS plans, directs, and implements services in support of senior DTSA Executives and staff in the areas of human capital programs; planning, programming and budgeting; security; information technology; and general administrative support. Execution of these activities will ensure DTSA fulfills its technology security mission and meets its strategic goals.

The EOS responsibilities include oversight of personnel and manpower (military and civilian); financial execution; Defense Travel System (DTS) utilization; acquisition and contract administration; personnel security; information security; information technology network and operations mission systems; facilities management; property accountability; internal management control programs; and strategic planning.

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I. Description of Operations Financed (cont.)

Security Policy Automation Network (SPAN)	FY 2012	FY 2013	FY 2014
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	6,951	5,690	5,270

The SPAN is a group of systems and applications that automates many of the technology security actions. The primary SPAN systems maintained by DTSA include the following:

- USXPORTS - Provides case management and workflow tracking of DoD's disposition for munitions and dual-use license applications received from DoS and DoC.
- Spacelink - Provides a functional IT application to support statutory Space Monitoring mission. The system provides a web-based, collaborative environment for DoD and Industry to share and review all documentation associated with a foreign launch of U.S. technology.
- Foreign Visits System - The system is a multi-application infrastructure to request, approve, and confirm visits by foreign nationals to DoD facilities and organizations.
- Foreign Disclosure System - Provides an infrastructure to track various disclosures of classified military information to foreign governments.
- National Disclosure Policy System - Provides an infrastructure to support the functioning of the inter-agency National Disclosure Policy Committee, to include records of decisions on exceptions to national disclosure policy.

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I. Description of Operations Financed (cont.)

- Export Licensing Information System Advisor (ELISA) - Provides an electronic mechanism for industry to obtain the current status on dual-use and munitions license applications.
- The DoD Patent Application Review System - Provides case management and workflow tracking of U.S. patent applications and secrecy order recommendations.

The SPAN is currently supported by contractors in the areas of software 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 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 requirements in these areas.

In response to the President's directive for export control reform (ECR), it was determined that USXPORTS offers greatest potential to evolve into a single interagency electronic export licensing system. Efforts to modernize and homogenize interagency automation have progressed with the DoS and DoC towards this end. USXPORTS is undergoing additional enhancements to support DoS and DoC export licensing processes.

II. Force Structure Summary:

Not Applicable.

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III. Financial Summary (\$ in thousands)

	<u>FY 2013</u>						<u>FY 2014</u>
	<u>FY 2012</u>	<u>Budget</u>	<u>Congressional Action</u>			<u>Current</u>	
<u>A. BA Subactivities</u>	<u>Actual</u>	<u>Request</u>	<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>	<u>Estimate</u>	<u>Estimate</u>
Operations and Maintenance	33,611	35,319				35,319	35,151
Total	33,611	35,319				35,319	35,151

FY 2012 to FY 2013 Changes: Program changes include increase in Mark Center rent which was reduced by 50 percent in FY 2012 due to BRAC move. Civilian compensation - includes price change of \$310 thousand and program growth of \$1,398 thousand. The program growth includes the salary adjustment due to the hiring lag in FY 2012 to get to estimated cost for full civilian compensation for FY 2013.

FY 2013 to FY 2014 Changes: Reflects price change of \$468 thousand and program change of negative \$636 thousand. This reduction reflects the civilian pay raise rates, adjustment to management support contracts and reduction in operational cost.

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2013/FY 2013</u>	<u>FY 2013/FY 2014</u>
Baseline Funding	35,319	35,319
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	35,319	
Fact-of-Life Changes (2013 to 2013 Only)		
Subtotal Baseline Funding	35,319	
Supplemental		
Reprogrammings		
Price Changes		468
Functional Transfers		
Program Changes		-636
Current Estimate	35,319	35,151
Less: Wartime Supplemental		
Normalized Current Estimate	35,319	

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	Amount	Totals
C. Reconciliation of Increases and Decreases		
FY 2013 President's Budget Request (Amended, if applicable)		35,319
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2013 Appropriated Amount		35,319
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2013 Baseline Funding		35,319
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2013 Estimate		35,319
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2013 Normalized Current Estimate		35,319
6. Price Change		468
7. Functional Transfers		
8. Program Increases		
a. Annualization of New FY 2013 Program		
b. One-Time FY 2014 Increases		
c. Program Growth in FY 2014		
9. Program Decreases		-636
a. Annualization of FY 2013 Program Decreases		
b. One-Time FY 2013 Increases		
c. Program Decreases in FY 2014		
1) Operational Cost	-636	
Efficiency Reduction: Reflects reduction in civilian pay travel, Defense Finance Accounting Services, purchased communications, management professional		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
<p>services, other contract and information contract support services. This reduction applies to management support contracts and is in compliance with Executive Orders (#13576 and #13589) on efficient spending on contracted services limitations directed in section 808 of the National Defense Authorization Act for FY 2012. (FY 2013 Baseline \$10,696)</p>		
FY 2014 Budget Request		35,151

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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 process 140,000 actions annually, such actions actually counted represents 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 2013 and FY 2014, DTSA will adjudicate 100% of Munitions and Dual-Use export license applications received from the Department of State and Commerce within prescribed statutory timelines.

FY 2012	FY 2013	FY 2014
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
100%	100%	100%

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V. <u>Personnel Summary</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	Change FY 2012/ FY 2013	Change FY 2013/ FY 2014
<u>Active Military End Strength (E/S) (Total)</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>	<u>0</u>
Officer	9	9	9	0	0
<u>Reserve Drill Strength (E/S) (Total)</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>0</u>	<u>0</u>
Officer	30	30	30	0	0
Enlisted	8	8	8	0	0
<u>Civilian End Strength (Total)</u>	<u>131</u>	<u>131</u>	<u>131</u>	<u>0</u>	<u>0</u>
U.S. Direct Hire	131	131	131	0	0
Total Direct Hire	131	131	131	0	0
Memo: Reimbursable Civilians Included	7	10	7	3	-3
<u>Civilian FTEs (Total)</u>	<u>138</u>	<u>141</u>	<u>138</u>	<u>3</u>	<u>-3</u>
U.S. Direct Hire	138	141	138	3	-3
Total Direct Hire	138	141	138	3	-3
Average Annual Civilian Salary (\$ in thousands)	159.3	167.2	171.4	7.9	4.2
 <u>Contractor FTEs (Total)</u>	 <u>42</u>	 <u>36</u>	 <u>36</u>	 <u>-6</u>	 <u>0</u>

Average Annual Civilian Salary: The change from FY 2012 to FY 2013 includes the program and price growth. The program growth reflects one extra compensable day between FY 2012 to FY 2013, hazard pay for personnel travelling to hazard zone areas -- danger pay, holiday pay, travel compensation time, Sunday premium and other related cost. Additionally, due to delay in transfer for the Committee on Foreign Investment in the United States (CFIUS) program to AT&L, DTSA paid for three full time equivalents salaries for one pay-period.

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Changes from FY 2012 to FY 2013: SECDEF Efficiency Initiatives. Changes in Contractor FTEs (Total) -DTSA was directed to reduce its Service Support Contract - As directed by SECDEF, in FY 2011 DTSA reduced its service support contracts by 10 percent per year over next 3 years to FY 2010 level. In DTSA's Administrative Support Services contract was reduced by 3 FTE's in September 2010 due to efficiency reduction. In FY 2012, DTSA further reduced the Administrative Support Services contract from 8 FTE's to 4 FTE's. DTSA Management determined that the reduction has caused a significant backlog of cases associated with Export Control Reform; therefore the contract was increased by 5 FTE's in September 2012 - to the new total of 9 FTE's.

Changes from FY 2013 to FY 2014: The change reflects the civilian pay raise rates and adjustments to the high grade salary. In FY 2014, civilian workforce for DTSA reimbursable program reduced by 3 FTEs (from 10 FTEs to 7 FTEs).

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

<u>OP 32 Line</u>	<u>FY 2012</u> <u>Actual</u>	<u>Change</u> <u>FY 2012/FY 2013</u>		<u>FY 2013</u> <u>Estimate</u>	<u>Change</u> <u>FY 2013/FY 2014</u>		<u>FY 2014</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	21,979	53	1,548	23,580	206	-128	23,658
199 Total Civ Compensation	21,979	53	1,548	23,580	206	-128	23,658
308 Travel of Persons	774	15	-111	678	13	-13	678
399 Total Travel	774	15	-111	678	13	-13	678
696 DFAS Financial Operation (Other Defense Agencies)	170	28	167	365	47	-66	346
699 Total DWCF Purchases	170	28	167	365	47	-66	346
914 Purchased Communications (Non-Fund)	151	3	-30	124	2	-2	124
915 Rents (Non-GSA)	1,344	27	1,481	2,852	54	0	2,906
917 Postal Services (U.S.P.S)	1	0	0	1	0	0	1
920 Supplies & Materials (Non-Fund)	317	6	12	335	6	44	385
932 Mgt Prof Support Svcs	128	3	0	131	2	-2	131
959 Other Costs (Insurance Claims/Indmnties)	1	0	0	1	0	0	1
960 Other Costs (Interest and Dividends)	1	0	0	1	0	0	1
987 Other Intra-Govt Purch	701	14	1	716	14	75	805
989 Other Services	1,093	22	-270	845	16	-16	845
990 IT Contract Support Services	6,951	139	-1,400	5,690	108	-528	5,270
999 Total Other Purchases	10,688	214	-206	10,696	202	-429	10,469
Total	33,611	310	1,398	35,319	468	-636	35,151

FY 2012 to FY 2013 Changes: Program changes include increase in Mark Center rent which was reduced by 50 percent in FY 2012 due to BRAC move. Civilian compensation - includes price change of \$310 thousand and program growth of \$1,398 thousand. The program growth includes the salary adjustment due to the hiring lag in FY 2012 to get to estimated cost for full civilian compensation for FY 2013.

FY 2013 to FY 2014 Changes: Reflects price change of \$468 thousand and program change of negative \$636 thousand. This reduction reflects the civilian pay raise rates, adjustment to management support contracts and reduction in operational cost.