

Fiscal Year 2015 Budget Estimates
Defense Technology Security Administration (DTSA)



March 2014

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**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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

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

	FY 2013 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2014 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2015 <u>Estimate</u>
DTSA	31,207	372	3,169	34,748	438	-2,399	32,787

I. Description of Operations Financed: The Defense Technology Security Administration's (DTSA) mission is identify and mitigate national security risks associated with the international transfer of advanced technology and critical information in order to maintain the U.S. warfighter's technological edge and support U.S. national security objectives.

DTSA's core functions are:

- Licensing
- International Information Security
- International Engagement
- Space Monitoring
- Export Control Reform

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I. Description of Operations Financed (cont.)

- Technology Security and Foreign Disclosure

To perform these core functions, DTSA's staff works closely with interagency departments and Office of the Under Secretary of Defense (Policy) (OUSD(P)) regional offices in order to provide unique technology security expertise to ensure that overarching political and military relationships between the U.S. and its partners and allies remain strong.

DTSA's relationships with numerous other functional offices within OUSD(P) - including the Countering Weapons of Mass Destruction, Space Policy, Missile Defense Policy, and Cyber Policy offices and throughout DoD, including the military services, have made DTSA a constant and well-respected partner in national security affairs.

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

Executive Operations:	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	1,723	1,819	1,820

The DTSA Director shall administer, consistent with U.S. policy, national security objectives, and Federal laws and regulations, the following: The development and implementation of DoD technology security policies on international transfers of defense-related goods, services, and technologies to ensure critical U.S. military technological advantages; mitigation and control of transfers that could prove detrimental to U.S.

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I. Description of Operations Financed (cont.)

security interests preventing the proliferation of weapons of mass destruction and their means of delivery as well as the diversion of defense-related goods to terrorists support of legitimate defense cooperation with foreign friends and allies; and assuring of the health of the defense industrial base. 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. This function falls under the Executive Directorate. In accordance with this decision, DTSA is hosting, managing, and supporting the TSFDO to include providing partial manning, office space, security and logistical support. The TSFDO began its mission on February 2011, achieved full operating capability and manning in late 2011. In order to accomplish its mission, TSFDO consults with, and provide guidance to DoD Technology Security and Foreign Disclosure (TSFD) authorities; implements improved manual and automated procedures; coordinates and directs actions; conducts screening and triage for prioritized transfer requests; develops consolidated policy documents; frames issues for senior-level adjudication, appeal and decision; coordinates analyses for prioritized TSFD issues; and conducts TSFD policy and process outreach across the TSFD community.

Policy Directorate:	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	4,514	4,950	4,682

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I. Description of Operations Financed (cont.)

The Policy Directorate (PD) ensures that technology security policies and practices implement broader national security and foreign policies imperatives. PD does so by engaging within DoD and across the U.S. Government to ensure that export control and technology security policy implementation is an integral part of the national security landscape and fully consistent with U.S. defense and foreign policy. PD leads the Department's negotiation efforts on numerous conventional arms transparency and export control efforts. It is also responsible for establishing, leading and maintaining important bilateral relationships to influence technology security decision-making of allies, friends, and partners for the benefit of bilateral, coalition, and alliance relationships and security. In this vein, PD leads Department efforts in technology, which in turn impacts potential game-changing operational and national security developments. PD maintains close contact with the intelligence community to improve USG awareness of hostile countries' technology acquisition efforts and to gauge the effectiveness of U.S. technology security and export controls. Examples of these activities are:

- Bilateral Discussion and Negotiations - The development of individually tailored programs to ensure that allies and partners, receiving cutting-edge U.S. technology have the capacity, capabilities, and infrastructure to protect it. Such programs can require intensive negotiation, instruction, and consultation. PD conducts with partners who have acquired U.S. technology, thus building relationships and emphasizing the importance of proper protection of defense technology. The PD's functions increases DTSA's partner's understanding of technology security requirements as well as partner willingness to properly protect the technology they acquire.

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I. Description of Operations Financed (cont.)

- Development of policies, practices, and procedures to protect critical U.S. technology in support of broader U.S. and Departmental strategies. The President and the Secretary of Defense, place 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 PD and other DOD offices send representatives to articulate and defend DoD's positions and preserve the Department's equities by promoting technology security 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 the U.S. to impose export control requirements on emerging technologies. DTSA is an essential and active U.S. player in promoting the goals of the Wassenaar Arrangement, and encouraging other countries to support organization's international security goals and objectives.

- Export Control Reform (ECR) - PD is the lead for development of DoD's export control reform efforts as part of the Administration's ECR initiative. The PD ensures that revised policies, potential 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.

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I. Description of Operations Financed (cont.)

- Trade Security Controls (TSC) Program - The TSC program's objective is to prevent illegal acquisition or other unauthorized transfers of U.S. technologies 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 PD maintains the policy guidance to review policies, monitor implementation, and address and resolve issues raised by DoD components.

- Sanctions on Foreign Governments and Entities - The PD is the DoD lead for coordinating potential U.S. sanctions on foreign governments or entities, specifically focusing on the 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/PD serves as the OUSD(P) primary agency for evaluating the potential effects on the sale of military goods, equipment, or technology to countries or individuals of concern. 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.

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I. Description of Operations Financed (cont.)

- United Nations Register of Conventional Arms - The PD 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 (ATT) - PD is the DoD office primary responsibility for all ATT issues, including the treaty's article-by-article analysis that would be part of an Advice and Consent package sent to the Senate for consideration.
- PD is the lead for the agency's congressionally-mandated DoD patent secrecy review process. PD, as the DoD program manager, chairs a DoD working group to coordinate DoD-wide patent security issues; executes Defense Patent Application Review System (DPARS) requirements in order to maintain timely distribution and review of patent applications for national security concerns.
- PD provides critical national security assessments on dual-use and munitions license end-users in accordance with U.S interagency regulated timelines. The PD serves as the DoD and interagency repository of classified information on end-users used by decision makers as part of high-level USG export decisions.
- PD provides DoD customers with strategic analysis of technology transfer trends and developments in order to better inform policy makers and influence future decisions on the potential export of advanced technologies. Studies include analysis of country-specific import trends; and effectiveness of U.S. and international technology controls and policies.

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I. Description of Operations Financed (cont.)

- Other duties - The PD represents Combatant Commanders, Military Services, and the Joint Staff technology security positions in bilateral and multilateral forums, where the Joint Staff is not separately represented. This function ensures that U.S. national security concerns are properly articulated and integrated into international technology security efforts. The PD Directorate also drafts specific control or technology security policies for specific technologies and commodities.

Technology Directorate:	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	7,236	7,686	7,272

The Technology Directorate (TD) is DTSA's primary source of advice on technical matters pertaining to international transfers of defense-related commodities and technologies. The TD's essential role in executing DTSA's mission is defining the point at which a technology is critical from a national security perspective; reviewing international transfers of military technology, defense articles, and dual-use items in a manner consistent with DoD technology security objectives; and recommending viable technical solutions that both protect the U.S. war fighting edge and mitigate risks when national security goals make transfer and imperative or the preferred option. The TD's staff applies relevant engineering/scientific knowledge and defense related expertise to technology security policies and informs technology transfer decisions that protect critical technologies and mitigate the risk of diversion or proliferation.

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I. Description of Operations Financed (cont.)

- During FY 2013 TD provided technical evaluations and recommendations for international transfers of defense-related commodities and technologies as follows:
 - o 16,644 export license applications
 - o 1,144 public release security reviews
 - o 109 Committee on Foreign Investment in the U.S. filings
 - o 82 Exception to National Disclosure Policy requests
 - o 111 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 as well as considering the health of the U.S. defense industrial base, in order to maintain the balance between national security concerns and appropriate business opportunities.

- To ensure that DoD technology security interests are effectively implemented within the international framework of multilateral control regimes, TD established and maintains a technical negotiating strategy that advances DOD technology security goals, ensures the scientific and technical quality of DoD proposals submitted by the USG for international consideration, critiques proposals from other control regime member countries, and prepares technically robust arguments to negotiate with both USG interagency and international technical experts.

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I. Description of Operations Financed (cont.)

- TD 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.
- TD 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.

Licensing Directorate:

FY 2013	FY 2014	FY 2015
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
5,459	5,894	5,582

The Licensing Directorate (LD) 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. LD is DoD's principle source of advice on licensing and regulatory issues pertaining to international transfers of defense-related commodities and technologies. The directorate's mission is to identify and highlight national security concerns related to exports of controlled technology and articulate the Department's decisions to address these concerns via license outcomes. The directorate's critical role is identifying and accounting for the preservation of U.S. Military technological advantages, interoperability with allies and partners, and the impact of technology transfers on the U.S. defense industrial base.

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I. Description of Operations Financed (cont.)

- LD coordinates, develops and adjudicates the DoD position on export licenses, Commodity Jurisdictions (CJ) determinations, export violation and pre-trial disclosures, export rules and regulations received from the Departments of Commerce (DoC) and Department of State (DoS). The LD represents the Department at interagency and multinational forums, with regard to export control regimes, export control planning, drafting export control regulations and licensing policy, and export control enforcement issues. As a result of these meetings, the directorate provides a vital national security review of proposed regulatory changes to the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR).

- The DTSA is currently working with the National Security Staff and other executive branch agencies and departments on the Presidential directive to reform the United States current Export Control system. LD is the DoD lead for ECR regulatory review of current ITAR and 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 items, articles, services, and technology that require license authorization from the USG. The directorate anticipates that upon full implementation of proposed export reform changes, the long term result will be an increase in efficiency in LD. Under the current licensing, system, DoD export license review requirements are anticipated to grow 2 to 3 percent per year in the near future, or until such time U.S. industry fully avails itself of streamlined export provisions implemented as a result of ongoing reform efforts.

- The LD's two divisions analyze either DoS Munitions licenses or DoC Dual-Use export cases.

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I. Description of Operations Financed (cont.)

- Munitions - The Munitions Division reviewed and adjudicated approximately 37,771 munitions export license applications, commodity jurisdiction determination requests, and export violation reviews received from the DoS in FY 2013. This was an 8.3% decrease in the number of cases from FY 2012. However, 2% of the decrease in cases reviewed and adjudicated is attributed to 6 lost production days as a result of DOD mandated furloughs. DTSA assists DoS in the designation of articles and services deemed to be defense articles and defense services. Items so designated constitute the United States Munitions List (USML). Such designations are made by DOS with the concurrence of the DoD. Additionally, DTSA supports DoS export compliance officials, DHS and FBI law enforcement officials, as well as DoJ Assistant U.S. Attorneys by identifying the harm to national security when the rules and regulations of the Arms Export Control Act (AECA) have been violated. This review process by the AECA, the International Traffic in Arms Regulations (ITAR) and its 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 to maintain U.S. national security interests. DoD license recommendations developed by DTSA/LD protect 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 20,926 dual-use export license requests received from the DOC in FY 2013. This represents a slight increase in the number of cases from FY 2012 and overall is consistent with a continuation of an increase in licenses since 1999. Looking ahead, initial implementation of ECR could lead to a 50 percent increase in dual use export

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I. Description of Operations Financed (cont.)

license reviews by the DoD in FY 2014 and beyond due to publication and implementation of brand new regulatory-based export control categories (e.g., 600-series license applications). The final fully DoD coordinated recommended decisions referred back to the Department of Commerce must be staffed, reviewed, analyzed and adjudicated within a 30 day timeline mandated by Executive Order (EO) 12981. The review process is governed by the Export Administration Act (EAA) and 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, EO 12981 outlined procedures for interagency coordination and adjudication of dual-use export license applications submitted to the DoC.

International Security Directorate:	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	1,542	1,890	1,758

The International Security Directorate (ISD) is responsible for the U.S. national policy (National Disclosure Policy (NDP-1)) governing the disclosure of classified military information and material to foreign governments and international organizations; for the operation and administration of the National Disclosure Policy Committee (NDPC) that develops policy and considers requests for Exceptions to National Disclosure Policy

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I. Description of Operations Financed (cont.)

(ENDP); for the development and promulgation of security policies, procedures, and standards necessary for effective implementation of NDP-1 throughout the Department of Defense (DoD); for DoD liaison with foreign governments on information security matter: for security policies and arrangements for government and commercial international programs; the development and negotiation of security arrangements with allied and other friendly governments; for the preparation of U.S. proposals and developing action plans for U.S. implementation of the North Atlantic Treaty Organization's (NATO) security regulations; for the development of U.S. positions of NATO Security Agreements with Partnership for Peace countries; and for the review and oversight of DoD international security training courses.

Objectives and Metrics:

1. Operate and provide administrative support the NDPC.
 - a. Staff all exceptions to the NDP-1 within one business day of receipt.
 - b. Issue a Record of Action that records NDPC decisions relating to ENDP request within five business days of completion of voting by all the members.
2. Develop and maintain, as appropriate, currency of General Security Agreements (GSA) and Industrial Security Arrangements (ISA) with allied and friendly foreign governments.

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I. Description of Operations Financed (cont.)

- a. When necessary to negotiate and conclude General Security Agreements, seek State Department Circular 175 authority within 60-days of completion of a favorable NDPC security assessment.
 - b. When a determination is made that there is a need for an Industrial Security Agreement, initiate negotiations within 60 days.
3. Conduct and maintain currency of on-site assessments of foreign government security programs.
- a. Prepare and send notification letters to U.S. Embassy within 60-days of the NDPC issuance of its security assessment schedule for each fiscal year.
 - b. Submit completed NDPC security assessments to the NDPC within 60-days of assessment completion.
4. Ensure that security arrangements are included in all international cooperative programs.
- a. Review and provide responses to all requests for authority to negotiate/conclude international cooperative program memoranda of understanding and intelligence exchange agreements within five business days.
 - b. Provide approval/disapproval within 30-days after receipt of all coordination on program security instructions submitted by DoD components.

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I. Description of Operations Financed (cont.)

- c. Review and provides responses to all 36(b) notifications to Congress within three business days of receipt.

- 5. Ensure implementation of NATO security requirements within the Executive Branch.
 - a. Review annually the U.S. Security Authority for NATO Affairs Instruction, and hold quarterly meetings with the U.S. Central Registry.

- 6. Establish and maintain security and foreign disclosure training programs for U.S. personnel involved in international cooperative programs.
 - a. Develop and implement a DoD foreign disclosures and security training course prior to FY 2016.

 - b. Conduct semi-annual programmatic reviews of DoD foreign disclosure and international security training curricula and course contents.

- 7. Establish and maintain the International Visits Program, and approve and administer an effective foreign personnel exchange and liaison officer program within DoD components to build partner capacity.

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I. Description of Operations Financed (cont.)

- a. Review and staff requests submitted by a DoD component within five business days to negotiate and conclude international agreements for the assignment of foreign personnel.
- b. Prepare, coordinate, and submit a report to Congress on non-reciprocal international defense personnel exchange agreements within 90-days of the end of each fiscal year.

Space Directorate:

	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
Non-Reimbursable	213	236	222
Reimbursable	2,060	2,800	2,800

The Space Directorate (SD) is responsible for providing non-reimbursable and reimbursable monitoring services to industry in accordance with State Department licenses and the International Traffic in Arms Regulation (ITAR). SD 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. As defined by Public Law 105-261 certain space monitoring activities conducted by SD require mandatory reimbursement for all technical data reviews and defense service associated with the launching of U.S. commercial satellites aboard foreign non-NATO or non-major ally launch vehicles. For programs that present sufficient

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I. Description of Operations Financed (cont.)

risk of inadvertent technology transfer such that monitoring is merited, SD conducts non-reimbursable monitoring services in accordance with the ITAR and State Department licenses. Non-reimbursable activities are supported by funding of 1 FTE. This monitoring is allowed under ITAR, but DoD bears the full cost for this monitoring.

Management Directorate:	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	6,808	7,786	6,948

The Management Directorate (MD) plans, directs, and implements services in support of 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 ensures DTSA fulfills its technology security mission and meets its strategic goals.

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

Security Policy Automation Network (SPAN)	FY 2013	FY 2014	FY 2015
	<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
	3,712	4,487	4,503

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I. Description of Operations Financed (cont.)

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

- USXPORTS - Provides case management and workflow tracking of the Department of State and Commerce for munitions and dual-use license applications received from The Department of State and Commerce. Currently under development as the USG single IT solution for export license processing.
- 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 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 within conus.
- Foreign Disclosure System - Provides an infrastructure to track approved 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.
- Export Licensing Information System Advisor (ELISA) - Provides an electronic mechanism for industry to obtain the current status on dual-use and munitions license applications.

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- The DoD Patent Application Review System (DPARS) - 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, 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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	<u>FY 2014</u>							<u>FY 2015</u>
	<u>FY 2013</u>	<u>Budget</u>	<u>Congressional Action</u>			<u>Current</u>	<u>FY 2015</u>	
			<u>Actual</u>	<u>Request</u>	<u>Amount</u>			
A. <u>BA Subactivities</u>								
Operation and Maintenance	31,207	35,151	-403	-1.2	34,748	34,748	32,787	32,787
Total	31,207	35,151	-403	-1.2	34,748	34,748	32,787	32,787

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2014/FY 2014</u>	<u>FY 2014/FY 2015</u>
Baseline Funding	35,151	34,748
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-403	
Subtotal Appropriated Amount	34,748	
Fact-of-Life Changes (2014 to 2014 Only)		
Subtotal Baseline Funding	34,748	
Supplemental		
Reprogrammings		
Price Changes		438
Functional Transfers		
Program Changes		-2,399
Current Estimate	34,748	32,787
Less: Wartime Supplemental		
Normalized Current Estimate	34,748	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2014 President's Budget Request (Amended, if applicable)		35,151
1. Congressional Adjustments		-403
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
1) Section 8140 - WCF Excess Cash	-390	
2) Section 8034 - Indian Lands	-13	
FY 2014 Appropriated Amount		34,748
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2014 Baseline Funding		34,748
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2014 Estimate		34,748
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2014 Normalized Current Estimate		34,748
6. Price Change		438
7. Functional Transfers		
8. Program Increases		21
a. Annualization of New FY 2014 Program		
b. One-Time FY 2015 Increases		
c. Program Growth in FY 2015		
1) Defense Finance and Accounting Service - Financial Operations	21	
Increase provide Direct System Reimbursement to DFAS on changes to Financial Management Regulations. (FY 2014 Baseline: \$320 thousand)		
9. Program Decreases		-2,420

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
a. Annualization of FY 2014 Program Decreases		
b. One-Time FY 2014 Increases		
c. Program Decreases in FY 2015		
1) Civilian Compensation	-1,378	
Total Civilian Compensation: In accordance with the Department's efforts to streamline management headquarters activities DTSA's manpower billets was reduced by two full-time equivalent. DTSA is constrained to 90% manning due to hiring freeze. (FY 2014 Baseline: \$23,568 thousand; +124 FTEs)		
2) Other Intra-Governmental Purchases	-477	
Decrease reflects less funding available for alternate work site, and fewer background investigations. (FY 2014 Baseline: \$1,311 thousand)		
3) Rent (Non-GSA)	-306	
Decrease reflects less rent charges at the Mark Center based on Washington Headquarters Service's analysis. (FY 2014 Baseline: \$2,876 thousand)		
4) Travel of Persons	-99	
Reflects less mission travel based on fewer travel requirements. (FY 2014 Baseline: \$676 thousand)		
5) Operational Cost	-95	
The decrease reflects less communications, supplies and materials, management support services and other services. (FY 2014 Baseline: \$1,507 thousand; +0 FTEs)		
6) Information Technology Contract Support Services	-65	
Reflects less systems maintenance on SPAN application. (FY 2014 Baseline: \$4,487 thousand)		

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	<u>Amount</u>	<u>Totals</u>
C. <u>Reconciliation of Increases and Decreases</u> FY 2015 Budget Request		32,787

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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 2014 and FY 2015, 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 2013	FY 2014	FY 2015
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
100%	100%	100%

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<u>V. Personnel Summary</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Change FY 2013/ FY 2014</u>	<u>Change FY 2014/ FY 2015</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>1</u>	<u>0</u>
Officer	8	9	9	1	0
<u>Reserve Drill Strength (E/S) (Total)</u>	<u>27</u>	<u>27</u>	<u>21</u>	<u>0</u>	<u>-6</u>
Officer	20	20	15	0	-5
Enlisted	7	7	6	0	-1
<u>Civilian End Strength (Total)</u>	<u>131</u>	<u>131</u>	<u>129</u>	<u>0</u>	<u>-2</u>
U.S. Direct Hire	131	131	129	0	-2
Total Direct Hire	131	131	129	0	-2
Memo: Reimbursable Civilians Included	10	7	7	-3	0
<u>Civilian FTEs (Total)</u>	<u>131</u>	<u>131</u>	<u>129</u>	<u>0</u>	<u>-2</u>
U.S. Direct Hire	131	131	129	0	-2
Total Direct Hire	131	131	129	0	-2
Average Annual Civilian Salary (\$ in thousands)	167.7	179.9	173.8	12.2	-6.1
 <u>Contractor FTEs (Total)</u>	 <u>31</u>	 <u>27</u>	 <u>23</u>	 <u>-4</u>	 <u>-4</u>

Average Annual Civilian Salary: The change from FY 2013 to FY 2014 includes the program and price growth. The program growth reflects adjustment to civilian compensation due to furlough in FY 2013, hazard pay for personnel traveling to hazard zone areas -- danger pay, holiday pay, travel compensation time, Sunday premium and other related cost.

Changes from FY 2013 to FY 2014: DTSA does not have the workload to staff 10 reimbursable FTEs and will only need 7. This may change due to future requirements.

Contractor FTEs (Total): FY 2013 to FY 2014: The administrative services contract

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ends in March 2014 and the requirement for the manual creation of an export license will go away due to the implementation of the US Exports System. This results in the elimination of 4 FTEs.

Changes from FY 2014 to FY 2015: Elimination of the administrative services contract reduces additional 4 FTEs.

Changes from FY 2014 to FY 2015: The decrease reflects the department's effort to reduce management headquarters staff by twenty percent. As a result DTSA's manning has been reduced by two civilian starting in FY 2015. This will bring our level from 131 to 129 full-time equivalents.

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

<u>OP 32 Line</u>	<u>FY 2013</u> <u>Actual</u>	<u>Change</u> <u>FY 2013/FY 2014</u>		<u>FY 2014</u> <u>Estimate</u>	<u>Change</u> <u>FY 2014/FY 2015</u>		<u>FY 2015</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	21,975	165	1,428	23,568	236	-1,378	22,426
199 Total Civ Compensation	21,975	165	1,428	23,568	236	-1,378	22,426
308 Travel of Persons	482	9	185	676	12	-99	589
399 Total Travel	482	9	185	676	12	-99	589
696 DFAS Financial Operation (Other Defense Agencies)	275	36	9	320	6	21	347
699 Total DWCF Purchases	275	36	9	320	6	21	347
914 Purchased Communications (Non-Fund)	411	8	25	444	8	-2	450
915 Rents (Non-GSA)	2,811	53	12	2,876	52	-306	2,622
917 Postal Services (U.S.P.S)	1	0	0	1	0	0	1
920 Supplies & Materials (Non-Fund)	163	3	219	385	7	-86	306
932 Mgt Prof Support Svcs	132	3	0	135	2	-2	135
959 Other Costs (Insurance Claims/Indmnties)	1	0	0	1	0	0	1
960 Other Costs (Interest and Dividends)	0	0	1	1	0	0	1
987 Other Intra-Govt Purch	424	8	879	1,311	24	-477	858
989 Other Services	3,610	69	-3,136	543	10	-5	548
990 IT Contract Support Services	922	18	3,547	4,487	81	-65	4,503
999 Total Other Purchases	8,475	162	1,547	10,184	184	-943	9,425
Total	31,207	372	3,169	34,748	438	-2,399	32,787