

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



February 2018

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

	FY 2017 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2018 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2019 <u>Estimate</u>
DSS	550,451	9,599	123,615	683,665	10,763	94,747	789,175

I. Description of Operations Financed: The Defense Security Service (DSS) mission through partnership with industry and innovation, is to safeguard our Nation's interests as the premier provider of industrial security risk management and security professional development services. The world is rapidly changing and the DSS is changing too. Where the agency once concentrated on schedule-driven National Industrial Security Program Operating Manual (NISPOM) compliance, DSS is now transitioning to an intelligence-led, asset-focused, and threat-driven approach to security oversight. As the Industrial Security functional manager for the Department of Defense (DoD), DSS provides security education, training, certification, and professional development for DoD and other U.S. Government personnel, contractor employees, and U.S. foreign government partners. The DSS oversees the protection of classified information and technologies, and materials in the hands of cleared industry by providing professional risk management services on behalf of 26 Department of Defense (DoD) components and 32 other U.S. Federal agencies. The NISP serves as a single, integrated, cohesive industrial security program to protect classified information and to preserve our Nation's economic and technological interests. The DSS provides security oversight, counterintelligence coverage and support to approximately 10,000 cleared companies (comprising over 12,800 industrial facilities and approximately 850,000 cleared contractors), and accreditation of more than 55,000 workstations across multiple and differing classified networks that process classified information and 160 Secure Internet Protocol Router Network (SIPRNet) nodes. The DSS NISP oversight role includes responsibility for the majority of the cleared contractors in the United States to include determination, issuance, and oversight of facility security

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I. Description of Operations Financed (cont.)

clearances and determinations that contractor employees are eligible to access classified information. In accordance with the FY 2017 National Defense Authorization Act (NDAA), Section 951, *Enhanced Security Programs for Defense Personnel and Innovation Initiatives*, which directed the Secretary of Defense to develop an implementation plan and related reports to transfer responsibility for conducting Background Investigations (BI) for DoD personnel from the Office of Personnel Management (OPM) National Background Investigation Bureau (NBIB) to the DSS. In the subsequent FY2018 NDAA, Section 925, *Background and Security Investigations for the Department of Defense Personnel*, Congress directed the realignment of the BI mission to DSS to provide a single capability for the centralized funding, submissions and processing of all DoD BIs. Not later than October 1, 2020, the Secretary of Defense shall commence carrying out the implementation plan for BI. This oversight role includes:

- Conducting required NISP assessments to deter, detect, and identify loss or compromise of classified information and ensure corrective actions
- Accrediting classified contractor computer systems to allow industry to perform on classified programs
- Completing Foreign Ownership, Control and Influence (FOCI) mitigation agreements and properly analyzing, evaluating and providing oversight to cleared firms under FOCI agreements
- Increasing International Security training and personnel needed to facilitate timely secure shipment of commercially sold classified export controlled materials to and from U.S. cleared contractors and 65 foreign countries
- Providing proactive training and support to DSS field personnel, industry, and government agencies
- Liaison with government Special Access Program (SAP) customers, and increase/improve analysis of SAP security issues

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I. Description of Operations Financed (cont.)

- Executing elements of the DoD Insider Threat program to include Continuous Evaluation, Unauthorized Disclosure, the DoD Insider Threat Management and Analysis Center (DITMAC) and other Insider Threat activities
- Beginning 1 October 2020, providing background investigations for all DoD personnel

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I. Description of Operations Financed (cont.)

Operational Elements:

a. Industrial Operations:

<u>Dollars in Thousands</u>		
<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$100,327	\$111,580	\$135,835

The Industrial Operations consist of the Industrial Security Field Operations (ISFO) and the Industrial Security Integration and Application (ISIA).

The ISFO directorate clears defense contractors to perform on classified programs, provide oversight and assessment of security programs, and mitigate potential loss or compromise of national security information. ISFO's mission essential tasks include:

- Serving as the DSS "first responder" to Industry for all industrial security matters;
- Partnering with industry to develop security programs compliant with national standards
- Assessing security posture of cleared Industry to detect, deter and mitigate security vulnerabilities
- Providing threat information to industry to enhance awareness and enable better safeguarding of national security information
- Processing cleared Industry's Information Systems classified information through the Risk Management Framework process
- Conducting Command Cyber Readiness Inspections to ensure security of cleared Industry SIPRnet connections

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I. Description of Operations Financed (cont.)

The ISIA directorate administers the NISP pursuant to Executive Order (EO) 12829 to ensure the protection of federal government classified information provided to industry. ISIA's mission essential tasks include:

- Interpret policy and provide guidance for the NISP for DoD and other US government agencies
- Mitigate FOCI for U.S. companies with classified contracts
- Assess and verify NISP facilities' data to highlight vulnerabilities in the defense industrial base and recommend strategies for mitigating risks to National Security
- Manage the security oversight function of DSS' direct and indirect support for the Special Access Program community
- Ensure protection and oversight of secured international transfers of classified information
- Manage the oversight of the DoD's Advisory Committee on Industrial Security and Industrial Base Policy, in accordance with the Federal Advisory Committee Act

b. <u>Personnel Security Investigations for Industry (PSI-I):</u>	<u>Dollars in Thousands</u>		
	FY 2017	FY 2018	FY 2019
	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
	\$282,565	\$378,439	\$398,007

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I. Description of Operations Financed (cont.)

The DSS facilitates security clearance requirements and costs for personnel security investigations for industry (PSI-I) personnel in support of all DoD components and 31 other federal agencies participating in the National Industrial Security Program (NISP). Cleared contractor personnel employed on classified projects are in support of multiple Executive Branch Agencies, requiring the facilitation of a centrally funded and managed program to provide economy of scale cost and savings for the federal government. The PSI-I budget is based on total number of forecasted investigations, by case type, and the corresponding Office of Personnel Management (OPM) Federal Investigation Notice (FIN) rate, and adjusted to include costs on a case by case basis for Triggered Enhanced Subject Interviews (TESI) and Reimbursable Security Investigations (RSI). The DSS administers requests for initial and periodic reinvestigations for contractor personnel to include Tier 5 for Top Secret/SCI, and Tier 3 for Secret and Confidential clearances. The OPM annual price rate for industry background investigations is anticipated to increase by 1.7% over FY 2018 rates. Additionally, the DSS included \$23.4M in the PSI-I budget for credit monitoring for contractor employee whose data was compromised as part of the OPM breaches.

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I. Description of Operations Financed (cont.)

c. <u>Center for Development of Security Excellence (CDSE):</u>	<u>Dollars in Thousands</u>		
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
	\$26,366	\$27,466	\$33,105

The DSS Center for Development of Security Excellence (CDSE) is DoD's functional manager for security education, training, awareness, and certification for DoD personnel and contractors under the NISP, employees of other Federal agencies, and select foreign governments. CDSE provides over 400 security courses and products, using a variety of platforms to include virtual, instructor-led and eLearning courses, security shorts, webinars, and performance support tools. CDSE provides entry level to advanced training for DoD's security professionals. Areas of concentration include: Information, Industrial, Personnel, and Physical Security, Special Access Programs, Cybersecurity, Counterintelligence, and Insider Threat topic areas. Course formats range from short eLearning to full semester graduate level courses. Educational courses and a growing number of training courses have received the American Council on Education's College Credit Recommendation Service ACE College Credit (ACE CREDIT). CDSE provides comprehensive training that addresses security requirements for industry personnel under the National Industrial Security Program and additionally provides awareness courses and products for DoD and cleared industry personnel (i.e., derivative classification, insider threat, protecting your identity, etc.). CDSE operates the nationally accredited Security Professional Education Development (SPED) Certification Program that consists of three core certifications, four specialty certifications, and one professional credential. As the premier provider of security education, training, and certification CDSE

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I. Description of Operations Financed (cont.)

prepares personnel across the DoD and Industry for significant roles in protecting critical assets and technologies, operations, and National Security.

d. Counterintelligence Program (CI):

Dollars in Thousands

<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$28,981	\$31,030	\$39,885

The CI Directorate identifies threats to U.S. technology and programs resident in cleared industry and articulate that threat to stakeholders.

Partnering with cleared industry, U.S. Government agencies, its CI and law enforcement (LE) counterparts, and DOD components, DSS' CI Directorate:

- Provides support to federal law enforcement agencies targeting intelligence operators, terrorists and criminals attempting to steal U.S. Defense technology; the Defense Intelligence Agency's Campaign and Castle programs; the U.S. Intelligence Community, the FBI Strategic Partnership Program; and produces several annual reports to Congress
- Identifies known and suspected Foreign Intelligence Entity (FIE) operating within cleared industry and refers information to federal investigative and operational agencies for exploitation
- Provides overt collection of CI information indicating FIE threats to the national industrial base, to include threats resident in the cyber-domain
- Assists cleared industry and its personnel identify and counter threats to high-priority classified research, development and technology; cleared facilities and cleared contractor personnel

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I. Description of Operations Financed (cont.)

- Provides analytic products and services that link industry reporting, critical technologies and adversaries' attempt to illegally acquire classified information to provide actionable products and operational and investigative referrals to the IC community
- Produces threat awareness products at the strategic level that inform key government decision makers of the risks to critical cleared industry and classified research, development, and technology
- Produces threat awareness products specifically that inform and provide cleared industry with increased countermeasures
- Provides CI subject matter experts to Combatant Commands and select defense agencies in order to increase the integration of CI capabilities into requirements development, collection planning, and operational processes to ensure DoD assets are synchronized effective
- Identifies vulnerabilities and threats (internal and external to DSS) and facilitates the exchange of security and CI-related information between DSS components

e. Insider Threat

<u>Dollars in Thousands</u>		
FY 2017	FY 2018	FY 2019
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$30,740	\$51,871	\$55,310

The DoD Insider Threat program provides an integrated capability to monitor and audit information for insider threat detection and mitigation. The program gathers, integrates, reviews, assesses, and responds to information derived from CI, security, cybersecurity, civilian and military personnel management, workplace violence, anti-terrorism risk management, law enforcement, the monitoring of user

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I. Description of Operations Financed (cont.)

activity on DoD information networks, and other sources as necessary and appropriate to identify, mitigate, and counter insider threats. Funds key insider threat initiatives including Continuous Evaluation (CE), Unauthorized Disclosure, the Defense Insider Threat Management and Analysis Center (DITMAC), and associated activities. CE systems and analysis will provide automated record checks of trusted data sources on cleared personnel to supplement periodic reinvestigations for security clearances. The DITMAC will play a key role in combating insider threat activity across the DoD by enabling information sharing, collaboration, analysis, and risk mitigation across 43 Components to address current and emerging threats to DoD personnel, assets and information.

f. Personnel Security Suitability Directorate (PSDD)

<u>Dollars in Thousands</u>		
FY 2017	FY 2018	FY 2019
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$0	\$0	\$44,400

In response to the perceived evolving risks to national security resulting from the continued growth and latency of background investigation backlog inventory and the data breach of the Office of Personnel Management (OPM)/National Background Investigations Bureau (NBIB), Congress signed into law the National Defense Authorization Act (NDAA) for FY17, Section 951, Enhanced Security Programs for Department of Defense Personnel and Innovation Initiatives, directs the Department to develop plans for the potential transfer of responsibility for conducting background investigations on DoD personnel from the Office of Personnel Management (OPM)/National Background Investigations Bureau (NBIB) to DoD by 1 October 2017. The FY18 NDAA, Section 925, Background and Security Investigations for Department of Defense Personnel, directed the realignment of the background investigation (BI) mission to DSS to provide a single capability for the centralized funding,

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I. Description of Operations Financed (cont.)

submissions and processing using a risk management approach consistent with the transition from legacy information technology operated by the OPM to the new information technology, including the National Background Investigation System to begin the establishment and expansion of investigative capability to support the phased transfer of the background investigative functions of all DoD personnel from OPM/NBIB to the Defense Security Service.

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I. Description of Operations Financed (cont.)

Operational Support Activities

a. Management HQ Activities:

Dollars in Thousands

FY 2017	FY 2018	FY 2019
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$33,096	\$35,805	\$29,949

The DSS Headquarters enables mission execution through the management of strategic priorities common to all initiatives within the agency and ensure direct service support to field operations. These functions provide critical enterprise management support devoted to keeping the daily operations of DSS aligned with the agency's tag line "Partnering With Industry to Protect National Security". The support consists of financial management, acquisitions, human capital management, legal advice and assistance through the general counsel and inspector general, public affairs, security, maintenance of facilities, strategic management, logistical, property management, and EEO.

b. Office of the Chief Information Officer (OCIO):

Dollars in Thousands

FY 2017	FY 2018	FY 2019
<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
\$48,376	\$47,474	\$52,784

OCIO leads the DSS effort in defining the enterprise information strategy through a shared vision of agency policy, standards, and infrastructure that supports the national industrial security oversight and security education missions. The OCIO team delivers IT services to DSS as part of enterprise applications, mobile IT solutions, secure communications, and a full range of support and troubleshooting

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I. Description of Operations Financed (cont.)

services to the DSS community. The OCIO's vision includes partnering with agency and industry leaders to strategically integrate data driven solutions to ensure mission success.

II. Force Structure Summary:

N/A

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III. Financial Summary (\$ in thousands)

	FY 2018							FY 2019 Estimate
	FY 2017 Actuals	Budget Request	Congressional Action			Current Estimate		
			Amount	Percent	Appropriated			
A. BA Subactivities								
Center for Development of Security Excellence	26,366	27,466	0	0.0	0	27,466	33,105	
Counterintelligence Program	28,981	31,030	0	0.0	0	31,030	39,885	
Industrial Operations and Policy	100,326	111,580	0	0.0	0	111,580	135,735	
Insider Threat	30,740	51,871	0	0.0	0	51,871	55,310	
Management HQ Activities	33,097	35,805	0	0.0	0	35,805	29,949	
Office of Chief Information Officer	48,376	47,474	0	0.0	0	47,474	52,784	
Personnel Security Suitability Directorate	0	0	0	0.0	0	0	44,400	
PSI for Industry	282,565	378,439	0	0.0	0	378,439	398,007	
Total	550,451	683,665	0	0.0	0	683,665	789,175	

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2018/FY 2018</u>	<u>FY 2018/FY 2019</u>
Baseline Funding	683,665	683,665
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	683,665	
Fact-of-Life Changes (2018 to 2018 Only)		
Subtotal Baseline Funding	683,665	
Supplemental		
Reprogrammings		
Price Changes		10,763
Functional Transfers		1,020
Program Changes		93,727
Current Estimate	683,665	789,175
Less: Wartime Supplemental		
Normalized Current Estimate	683,665	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2018 President's Budget Request (Amended, if applicable)		683,665
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2018 Appropriated Amount		683,665
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2018 Baseline Funding		683,665
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2018 Estimate		683,665
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2018 Normalized Current Estimate		683,665
6. Price Change		10,763
7. Functional Transfers		1,020
a. Transfers In		
1) Insider Threat	863	
Realign six civilian FTEs from WHS Consolidated Adjudication Facility to perform continuous evaluation functions. (FY 2018 Baseline: \$51,871 thousand; +6 FTEs)		
2) Audit Readiness	157	
Transfer from the Office of the Secretary of Defense to provide for one dedicated civilian full time equivalent personnel to support the DoD consolidated audit to validate internal controls and substantive testing of reporting entities that are material to		

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
the overall DoD financial statement. (FY 2018 Baseline: \$35,805 thousand; +1 FTEs)		
8. Program Increases		101,183
a. Annualization of New FY 2018 Program		
b. One-Time FY 2019 Increases		
c. Program Growth in FY 2019		
1) Personnel Security Suitability Directorate (PSSD) Section 925 of the FY18 National Defense Authorization Act directed the realignment of the background investigation (BI) mission to DSS to provide a single capability for the centralized funding, submissions and processing of all DoD BIs. The increase provides funding to begin the establishment and expansion of investigative capability to support the phased transfer of the investigative functions of DoD personnel from the Office of Personnel Management - National Background Investigation Bureau to the Defense Security Service (FY 2018 Baseline: \$0 thousand)	44,400	
2) Personnel Security Investigation - Industry (PSI-I) Provides funding to meet the anticipated demand, enhanced investigations and psychological evaluations for initial and periodic reinvestigations for contractor personnel requiring access to classified information to include initial Top Secret, Top Secret Reinvestigations, Secret and Secret Reinvestigations, and Confidential clearances in an effort to provide industry with a timely cleared workforce to perform on classified contracts. (FY 2018 Baseline: \$378,439	14,299	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
thousand)		
3) Counter Intelligence (CI) - Support Provides management support analytical services to identify adversary threats working against the Defense Industrial Base developing the technology used to produce U.S. military capability to actively respond to evolving threats and mitigate potential losses to the Major Defense Acquisition Programs and critical technologies. Funds Adaptive Data Exchange for cyber protection at cleared defense contractor sites. (FY 2018 Baseline: \$31,030 thousand)	8,296	
4) Industrial Operations - DSS in Transition Provides advanced information technology and analytical tools, and equipment in support of DSS' transition of the Industrial Security System Professionals (ISSP) and Industrial Security Representatives (ISR) workforce and environment from a compliance based Security Vulnerability Assessment (SVA) framework to a more responsive, agile and Risk Based Management Approach that allows for increased production and monitoring of contractor cleared facilities. The risk-based approach is a more flexible security methodology that is asset based, and factors in intelligence and the methods used to steal information and technology, to create a tailored security program for each facility. (FY 2018 Baseline: \$111,580 thousand; +44 FTEs)	8,172	
5) Industrial Operations - Microelectronics Innovation Provides forty four civilian full time equivalents	8,000	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
and management professional support services to research and promote the development of the next generation microelectronics, investments to foster transition and decrease time to market of applied research to economically viable companies and harvest innovation to gain assured access to the leading edge commercial semiconductor supply chain and develop radiation hardened chips. (FY 2018 Baseline: \$111,580 thousand; +44 FTEs)		
6) Office of the Chief Information Officer (OCIO) Provides equipment maintenance support to host, and maintain mission and enterprise applications providing an integrated automated solution for in-scope services to facilitate effective execution of the DSS core mission to drive smoother user workflows, enhance decision-making, timelier synthesis of information and to improve transparency of data across functional areas. (FY 2018 Baseline: \$47,474 thousand)	5,254	
7) Center for Development of Security Excellence (CDSE) - SKMS Provides additional equipment maintenance support for the Security Knowledge Management System (SKMS) to replace the legacy Security, Training, Education, Professionalization Portal (STEPP) that is a costly license based learning delivery paradigm. SKMS initial capabilities will include: content management; content delivery; learning record storage; and student assistance collaborative tools.	3,245	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
SKMS will function as an enterprise management system integrating relevant data sources and standardizing business processes to include reports, metrics, and course assessments generation. (FY 2018 Baseline: \$27,466 thousand)		
8) Industrial Operations - Support Provides management professional support services to augment DSS enabling elements in the transition of evolving DSS mission scope to include DITMAC, Unauthorized Disclosure, Continuous Evaluations, and Enterprise Program Management Office. (FY 2018 Baseline: \$111,580 thousand)	3,000	
9) Insider Threat - Support Provides 21 civilian FTEs to streamline and expedite the implementation of the DoD Continuous Evaluations (CE) innovation into the background investigation mission to provide a stable analytical support workforce to maintain the DoD CE vetting program; support the DoD Unauthorized Disclosure program to deter, identify and mitigate threat by insider to disclose information; support the Enterprise Program Management Office (EPMO) promoting efficiency and effectiveness across the enterprise enabling informed strategy, policy and resource recommendations for the DoD Insider Threat Enterprise. (FY 2018 Baseline: \$51,871 thousand; +21 FTEs)	2,977	
10) Center for Development of Security Excellence (CDSE) - Courseware As DoD functional manager for security training	1,900	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
provides management professional support services to develop DoD Insider Threat and Continuous Evaluation security related training courseware. (FY 2018 Baseline: \$27,466 thousand)		
11) Industrial Operations - JWICS to the Field Provides advanced technology and equipment to implement JWICS capabilities at various DSS field locations to provide immediate access to TS/SCI information necessary to monitor and protect the Industrial Security community. (FY 2018 Baseline: \$111,580 thousand)	1,100	
12) Civilian Personnel - Compensable Workday Increase for one additional compensable day (FY 2018 Baseline: \$122,656 thousand)	540	
9. Program Decreases		-7,456
a. Annualization of FY 2018 Program Decreases		
b. One-Time FY 2018 Increases		
c. Program Decreases in FY 2019		
1) Management Headquarters - Acquisition Strategy Initiatives Funding decrease is attributed to cost savings and avoidance through contract consolidation, innovative acquisition strategies and leveraging economy of scale. (FY 2018 Baseline: \$35,805 thousand)	-4,098	
2) Management Headquarters - Service Requirements Review Board (SRRB) Funding decrease is attributed to efficiency saving in contracted support costs for major headquarters activities (FY 2018 Baseline: \$35,805 thousand)	-2,559	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
3) Office of the Chief Information Officer DoD implementation of institutional IT reform opportunities and cost reductions (FY 2018 Baseline: \$47,474 thousand)	-799	
FY 2019 Budget Request		789,175

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IV. Performance Criteria and Evaluation Summary:

National Industrial Security Program (NISP)

NISP Performance Measure #1: Facilities of Interest (FIL) Assessments Completed.

Comments: The 12,800 cleared facilities are geographically dispersed across the United States and range from small consulting firms with part-time, inexperienced security managers to large manufacturing and research and development plants with professional security staffs, but possessing large amounts of highly classified information and hugely complex security requirements.

The geographic dispersion of the work and widely varying complexity of the cleared industry facilities provides DSS a unique challenge to meet industry's security requirements or provide the required expertise and oversight. ISFO prioritizes its mission responsibilities based on a Facilities of Interest List (FIL) incorporating the value of a contractor's program, seriousness of known threats, and vulnerabilities to security programs.

	FY 2017 Assessments Completed	Facilities Overdue Assessments	Facilities Not Overdue Assessments	Total Amount of Facilities	% Assessments Completed/Not Overdue	Goal	Below Goal
FIL1	1,260	382	1,358	1,740	92.78%	100%	7.2%
FIL2	922	1,805	1,340	3,145	68.81%	100%	31.19%
FIL3	769	436	1,151	1,587	66.81%	80%	13.19%
FIL4	2,155	1,896	3,953	5,849	54.52%	80%	25.48%
Total	5,106	4,519	7,802	12,321	65.44%	92%	26.56%

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IV. Performance Criteria and Evaluation Summary:

NISP Performance Measure #2: First Responder to Cleared Industry.

Comments: If a contractor is not in compliance with the requirements of the NISPOM, DSS will identify the issue as either an "Acute Vulnerability," a "Critical Vulnerability" or a "Vulnerability." DSS pursues root cause analysis against vulnerabilities in the form of Administrative Inquiries. DSS also engages in proactive industrial security oversight by providing tailored threat briefings to Cleared Industry. Finally, Change-2 of the NISPOM introduced the requirement for Insider Threat Program Senior Officials to be identified as Key Management Personnel.

Vulnerabilities Mitigated = 6101

Acute/Critical Vulnerabilities Mitigated = 586

Administrative Inquiries = 945

Threat Briefings to Cleared Industry = 623

Companies registering their Insider Threat Programs = 11922

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IV. Performance Criteria and Evaluation Summary:

NISP Performance Measure #3: Average Information System Accreditation Cycle Time

Comments: This output performance measure displays the average number of days for the DSS to issue an accreditation that enables a contractor information system to process classified information. Accreditation cycle time for each system processed is determined by comparing the date an information system security plan is received by the DSS to the date the DSS issues an accreditation for that system. The actual average number of days it takes to complete an accreditation is calculated by taking the combined number of calendar days it takes to complete all of the accreditations divided by the number of accreditations completed.

Average Information System Accreditation (days)	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
Monthly # Accredited	104	175	224	331	312	352	325	289	307	277	340	322
Actual Days Average/Target	27/30	25/30	30/30	24/30	33/30	39/30	41/30	40/30	37/30	34/30	34/30	38/30
# Accredited > 45 days	7	4	6	3	15	19	22	23	17	15	12	15

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IV. Performance Criteria and Evaluation Summary:

1. Center for Development of Security Excellence (CDSE)

CDSE Performance Measure #1: Requested FY 2017 Course Iterations Scheduled

Comments: This performance measure is used to compare the number of classroom course iterations requested by the security community versus available resources.

Requested FY2017 Course Iterations Scheduled	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
Cum Monthly Schedule	1	2	2	4	5	11	13	16	20	22	25	27
Requested Total for FY2017	29	29	29	29	30	30	30	30	30	30	31	33
% of Scheduled vs. Requested	3%	6%	6%	13%	16%	36%	43%	53%	66%	73%	80%	81%

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IV. Performance Criteria and Evaluation Summary:

CDSE Performance Measure #2: Required Active Course Inventory.

Comments: This output performance measure provides the actual number of Training and Education active courses (Virtual and Instructor Led Training, eLearning and Short Format Learning courses) in inventory compared with the total number of active courses required by the security community.

Requested FY2017 Course Iterations Scheduled	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
Cum Monthly Schedule	408	413	418	422	423	429	431	438	442	444	446	446
Requested Total for FY2017	574	581	580	578	564	572	560	562	560	562	558	551
% of Scheduled vs. Requested	71%	71%	72%	73%	75%	75%	77%	78%	79%	79%	80%	81%

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IV. Performance Criteria and Evaluation Summary:

1. Counterintelligence (CI):

Performance Measure: Annual Rate of Identification (efficiency/output).

DSS CI Identifies threats to classified information and technology resident in the cleared U.S. industrial base and articulates that threat to stakeholders. Based on data accumulated over the past four fiscal years, DSS estimates approximately 3000+ foreign entities or others attempt to exfiltrate classified information and technology per year - attempts that warrant investigative or operational action by U.S. law enforcement and intelligence agencies or offer opportunities for exploitation against countries of interest targeting cleared industry when and IF identified. DSS CI's annual rate of identification attempts to measure CI's ability to efficiently and effectively assess and refer actionable information leading to investigative SUBJECTs, operations, or operational Sources to LE/CI organizations. DSS' FY16 rate of identification was 6.2 sources or subjects identified per CI resource. **DSS CI's FY17 efficiency rate (performance metric) is 5.0 - 6.0. However, between FY17 - FY18 DSS CI plans to improve its current measures or transition to new ones that more accurately capture DSS' contributions to the nation's security. The transition is in response to the changing operational environment, to include a greater presence in the cyber-domain and anticipated improvement to CI's ability to collect and analyze data.**

Comments: In support of DSS CI's mission as referenced above, the CI Directorate assists cleared industry in recognizing and reporting foreign contacts, incidents and collection attempts, and in applying threat-appropriate countermeasures; provides threat information to cleared industry; assists DoD Components and 31 other federal agencies ensure the protection of critical research and technology resident in cleared industry; and refers all cases of CI or criminal interest to the appropriate DoD or U.S. law enforcement or intelligence agency for investigative or operational action and exploitation.

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IV. Performance Criteria and Evaluation Summary:

	FY 2017					FY2018		
	Dec 2016	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	**Sep 2018
Rate of ID per Avg Available CI Resource*	6.89	7.27	6.93	6.27	5.95	4.96	4.21	4.12
Number of SUBJECTs and Sources Identified (most recent 12-months)	1109	1194	1184	1117	1081	895	753	795
Number of SUBJECTs and Sources identified FYTD	263	585	877	1117	227	363	513	514
Average Available (FTE) CI Resource (includes contractor support)	161	164	171	178	182	181	179	188

* Calculating the Rate of Identification: The annual rate of identification is calculated monthly as of the last day of each month. To calculate the rate, divide the sources/subjects identified for the most recent 12-month period (as of the last day of a month) by the "average available" CI resources for the same month. "Average available resources" is the average number of FTEs & CTRs assigned to CI over the same 12-month period. ** PROJECTION: Projections for number of the sources/subjects identified for most recent 12-month period and FYTD were calculated using a straight line projection based on the sources/subjects identified per month for prior seven quarters.

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<u>V. Personnel Summary</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change FY 2017/ FY 2018</u>	<u>Change FY 2018/ FY 2019</u>
<u>Civilian End Strength (Total)</u>	<u>814</u>	<u>883</u>	<u>963</u>	<u>69</u>	<u>80</u>
U.S. Direct Hire	814	883	963	69	80
Total Direct Hire	814	883	963	69	80
<u>Civilian FTEs (Total)</u>	<u>840</u>	<u>853</u>	<u>925</u>	<u>13</u>	<u>72</u>
U.S. Direct Hire	840	853	925	13	72
Total Direct Hire	840	853	925	13	72
Average Annual Civilian Salary (\$ in thousands)	144.3	143.8	144.5	-0.5	.7
 <u>Contractor FTEs (Total)</u>	 <u>172</u>	 <u>172</u>	 <u>200</u>	 <u>0</u>	 <u>28</u>

Note:

*Does not include GDIP.

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

<u>OP 32 Line</u>	<u>FY 2017</u> <u>Actuals</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	120,490	2,354	-848	121,996	622	10,395	133,013
121 PCS Benefits	727	0	-67	660	0	0	660
199 Total Civ Compensation	121,217	2,354	-915	122,656	622	10,395	133,673
308 Travel of Persons	3,683	63	2,039	5,785	104	1,994	7,883
399 Total Travel	3,683	63	2,039	5,785	104	1,994	7,883
696 DFAS Financial Operation (Other Defense Agencies)	1,779	-22	-519	1,238	64	0	1,302
699 Total DWCF Purchases	1,779	-22	-519	1,238	64	0	1,302
771 Commercial Transport	106	2	420	528	10	-1	537
799 Total Transportation	106	2	420	528	10	-1	537
912 Rental Payments to GSA (SLUC)	1,225	21	26	1,272	23	-1	1,294
913 Purchased Utilities (Non-Fund)	11	0	0	11	0	0	11
914 Purchased Communications (Non-Fund)	9,232	157	-1,433	7,956	143	-8	8,091
915 Rents (Non-GSA)	0	0	2,704	2,704	49	1,497	4,250
917 Postal Services (U.S.P.S)	29	0	1	30	1	0	31
920 Supplies & Materials (Non-Fund)	2,035	35	-220	1,850	33	2,499	4,382
921 Printing & Reproduction	235	4	-99	140	3	137	280
922 Equipment Maintenance By Contract	47,692	811	-25,779	22,724	409	12,616	35,749
923 Facilities Sust, Rest, & Mod by Contract	387	7	1,873	2,267	41	-2	2,306
925 Equipment Purchases (Non-Fund)	7,347	125	1,220	8,692	156	4,008	12,856
932 Mgt Prof Support Svcs	44,608	758	35,466	80,832	1,455	44,877	127,164
934 Engineering & Tech Svcs	847	14	3	864	16	-1	879
957 Other Costs (Land and Structures)	265	5	462	732	13	-1	744
959 Other Costs (Insurance Claims/Indmnties)	4	0	-4	0	0	0	0
987 Other Intra-Govt Purch	304,666	5,179	106,535	416,380	7,495	16,745	440,620
989 Other Services	5,083	86	1,835	7,004	126	-7	7,123

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	FY 2017	Change		FY 2018	Change		FY 2019
		<u>FY 2017/FY 2018</u>			<u>FY 2018/FY 2019</u>		
<u>OP 32 Line</u>	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
999 Total Other Purchases	423,666	7,202	122,590	553,458	9,963	82,359	645,780
Total	550,451	9,599	123,615	683,665	10,763	94,747	789,175