

Fiscal Year (FY) 2020 President's Budget

**Operation and Maintenance, Defense-Wide
Defense Technology Security Administration**



March 2019

(This page intentionally left blank)

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

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

	FY 2018 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2019 <u>Enacted</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2020 <u>Estimate</u>
DTSA	35,344	344	-827	34,861	191	574	35,626

I. Description of Operations Financed: Mission, Responsibilities, and Core Functions

The Defense Technology Security Administration (DTSA) - a Field Activity under the authority, direction, and control of the Under Secretary of Defense for Policy (USDP) - develops and implements Department of Defense (DoD) technology security policies on international transfers of defense-related goods, services, technologies and information.¹ The mission of DTSA is linked to the three approaches of the National Defense Strategy: Build a More Lethal Force; Strengthen Alliances and Attract New Partners; and Reform the Department for Greater Performance and Affordability. To facilitate a more lethal force, DTSA protects the U.S. military's critical technological advantages by controlling and limiting transfer of technology that - in the wrong hands - could prove potentially detrimental to U.S. National Security interests. In this regard, DTSA pays particular attention to transfers that could result in the proliferation of weapons of mass destruction and their means of delivery, as well as conventional weapons and dual-use technology that could erode the U.S. warfighter's technological advantage. Related to this, DTSA plays a fundamental role in inhibiting the diversion of U.S.-produced, defense-related goods to terrorists. Equally important, to facilitate strong alliances and attract new partners, DTSA plays an essential role in enabling security cooperation with Allies and partners, executing foreign disclosure reviews of classified information, supporting partner and ally interoperability with U.S. Forces, and assisting in the Visit <http://www.dtsa.mil/> for more information.

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

enhancement of their military capabilities to address national security issues of mutual concern. Finally, in executing the foregoing responsibilities, DTSA does its utmost to achieve greater performance and affordability by balancing the safeguarding of critical defense technologies with fostering the health of the U.S. defense industrial base through four core functions. First, it conducts National security reviews of Defense technology transfers. Second, it works closely with allies and partners on cooperative endeavors that have a technology security dimension. Third, it develops and implements DoD policies related to defense technology exports, technology release, and foreign disclosure of classified information. Finally, it performs important security and information management functions for other U.S. Government (USG) agencies as well as the DoD.

National Security Review of Defense Technology Transfers

In partnership with other U.S. government agencies and industry, DTSA assesses defense technologies and develops measures to prevent diversion or proliferation of technology and information that could prove detrimental to U.S. National Security. DTSA accomplishes this function in several ways. It assesses the technology security risks of Direct Commercial Sales (DCS) and Foreign Military Sales (FMS) and assists in managing those risks. DTSA plays a key role in risk management by advising the development of technology security policies, drafting U.S export regulatory controls, adjudicating export classification of equipment and technology, assessing the harm to U.S. National Security with regard to potential violations of export laws and regulations, and supporting end user checks. As the DoD agent, DTSA makes recommendations on export licenses for DCS (equipment, technology, data, and services).

DTSA leads or plays a central role in a number of USG bodies that identify and manage risks tied to technology security. DTSA co-leads and provides the executive secretariat

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

for the Arms Transfer and Technology Release Senior Steering Group (ATTR SSG), which conducts high-level decision reviews on sensitive technology. DTSA also plays a leading role in the oversight of technology exports for foreign space launches. In this regard, it develops license provisos and closely monitors launch preparation activities to ensure that unauthorized technology transfers do not occur. As the USDP representative on Committee on Foreign Investment in the United States (CFIUS) reviews, DTSA plays a key role in reviewing the defense-critical technology that could be transferred when U.S. companies or company assets are sold to foreign owners. DTSA also plays an essential role in developing International agreements on technology and information sharing. Further, it reviews all patents involving highly-sensitive or classified technologies. DTSA assists other agencies in assessing whether foreign purchasers of critical technology are complying with license requirements and supports USG enforcement efforts when license requirements are violated. Finally, DTSA reviews documents describing sensitive U.S. technology to make sure they are suitable for public release. With the passage of the Foreign Investment Risk Review Modernization Act (FIRRMA), DTSA's role in national security review of CFIUS cases will greatly increase in the coming fiscal years. Because of expanded CFIUS authorities under FIRRMA, which is captured in the FY2019 NDAA, DTSA's technology security review will become even more important to maintain the U.S. military edge.

International Engagements and Technology Security Cooperation

In an effort to Strengthen Alliances and Attract New Partners, DTSA works with international partners to protect critical defense-related technology and information, increase technology security cooperation, and enhance military interoperability. DTSA performs this function in a variety of ways. The leaders of DTSA conduct regular bilateral engagements with partners and Allies around the world to address technology security issues of mutual importance. Often these engagements are directly tied to

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

cooperative technology security programs, for which DTSA plays a principal role in representing the USG's National Security interests. DTSA's leaders also support a variety of interagency and intra-departmental bilateral engagements as the USG's military technology security subject matter experts.

Representatives from DTSA are also important and regular contributors to multilateral export control and non-proliferation regimes (i.e., Wassenaar Agreement (WA), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Australia Group (AG)). DTSA is the USDP's lead for the WA, MTCR, and the NSG. This responsibility is written into the revised DTSA charter (DoDD 5105.72, dated April 26, 2016). Additionally, DTSA plays a central role in the development and maintenance of key treaties with defense trade or military technology security dimensions, such as the UK/AU Defense Trade Cooperation Treaties, the Arms Trade Treaty (ATT), and the North Atlantic Treaty Organization (NATO). Elements of DTSA work routinely with foreign partners to design and maintain viable industrial security programs. Teams from DTSA regularly conduct National Disclosure Policy Committee (NDPC) security surveys in foreign countries to help them with protecting sensitive and classified information. DTSA also liaises with the combatant commands to advise and assist them with technology security issues as these commands work with partners and Allies in their respective areas of responsibility. Lastly, DTSA's leaders regularly attend Defense international trade shows to represent the USG's and DoD's interests in technology security and to assess the state of critical defense-related technologies internationally.

DoD Export, Technology Release, and Foreign Disclosure Policy

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

DTSA shapes international and domestic policies and regulations that protect defense technology and information while facilitating security cooperation with partners and Allies. Its experts regularly contribute to U.S. export control laws, regulations, and policies; export control reform; commodity jurisdiction determinations; commodity classifications; and the USG Entities List. On behalf of the DoD, DTSA allows technology release waivers when it assesses the potential risk to U.S. National Security is acceptable or that adequate protective measures can be put in place to reduce risk to an acceptable level.

To get ahead of material and technology requirements in a fast-paced operational environment, DTSA - in cooperation with the Department of State and other DoD components - develops "anticipatory" technology-release policies. DTSA also plays a unique role in supporting key governmental bodies responsible for oversight of information and technology security. DTSA leads the development and implementation of National and DoD policies on, and authorities for, the disclosure of classified military information and material. It also provides guidance to DoD components in a variety of ways (e.g., export controls, DoD directives, the Defense Federal Acquisition Regulation Supplement (DFARS), trade security controls, and demilitarization requirements).

Technology Security Management Functions

DTSA supports the USG and DoD by performing several management functions that support technology security-related systems. First, it provides the Secretariats for the National Disclosure Policy Committee (NDPC) and Arms Transfer Technology Release Senior Steering Group (ATTR SSG). Next, DTSA oversees all foreign personnel visits and assignments to USG organizations. Finally, DTSA operates and maintains five information technology systems that support the USG and DoD: the USXPORTS interagency export

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

licensing system, the DoD Patent Application Review System (DPARS), the Foreign Visits System, the Spacelink system, and the National Disclosure Policy System.

Culture

DTSA's culture promotes world-class performance, innovation, collaboration, responsiveness, and professionalism across a broad and diverse set of responsibilities. DTSA must work closely and effectively with Allies and international partners, other federal agencies, industry, and other DoD components to address multi-dimensional challenges quickly and effectively. Because DTSA operates at the ever-changing intersection of international security, global trade, and emerging technology, its employees must be - and are - imaginative problem solvers.

History

Established in the mid-1980s as a field activity under the Office of the Under Secretary of Defense for Policy, DTSA reviewed and opposed the Soviet Union's attempts to acquire technology that would improve its military capabilities. DoD officials considered such transfers - especially of dual-use technologies - a major threat to U.S. national security. With the fall of the Soviet Union, DTSA's role evolved. While retaining its mission to protect the U.S. military's technological edge in the most critical and sensitive areas, DTSA has increasingly been involved in reviewing the transfer of critical technologies to friends and Allies.

Executive Operations:

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<u>Actuals</u>	<u>Enacted</u>	<u>Estimate</u>
1,032	1,076	1,116

Consistent with U.S. policy, national security objectives, and Federal laws and regulations, the DTSA Director is responsible for protecting the U.S.'s advantages in military technology. The Director and Deputy Director, DTSA accomplish this responsibility in three major ways linked to the National Defense Strategy. First, they oversee the development and implementation of the DoD technology security policies for international transfers of defense-related goods, services, classified information and technologies. Second, they supervise the control, and mitigates the risk, of technology transfers that may be detrimental to U.S. security, particularly transfers that would result in the proliferation of weapons of mass destruction and their means of delivery. Finally, they ensure that DTSA implements policies and processes that promote the health of the United States' defense industrial base.

Policy Directorate (PD):

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<u>Actuals</u>	<u>Enacted</u>	<u>Estimate</u>
5,678	5,687	5,834

Composed primarily of foreign affairs specialists (civil servants, military reservists, and contractor personnel) with broad and varied backgrounds in international relations, the Policy Directorate (PD) works with other USG agencies and components, industry, international partners, and academia on technology security policy matters. The PD, as

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

the focal point for DoD policy on technology security, provides strategic analysis of technology transfer trends, issues, and opportunities. The Policy Directorate leads the agency's engagement in the Department of Defense and in the interagency for the implementation of the National Defense Strategy (NDS), specifically with regard to ensuring the technological advantage of the U.S. warfighter and working with partners and allies in this regard. The Policy Directorate is especially well-positioned in carrying out DoD's implementation of explicit requirements in both the National Security Strategy and the National Defense Strategy, specifically with regard to protecting crown-jewel defense technologies from long-term foreign competition.

In FY 2018, the Policy Directorate assumed the responsibilities of the Technology Security and Foreign Disclosure Office (TSFDO), which was a separate Directorate in the agency. The TSFDO expedites the coordination and synchronization of the DoD's high-priority requests for releasing sensitive defense-related technology. The TSFDO ensures transparent, timely, and well-informed guidance and decisions on technology or information transfers using established TSFD processes.

The TSFDO performs a number of critical functions for the Department. First, it serves as the Executive Secretariat for the ATTR SSG, the DoD's senior body for providing guidance and policy on transfers of high-priority, urgently-needed technology to partners and Allies. On behalf of the ATTR SSG, the TSFDO develops and coordinates TSFD decision documents for FMS, DCS, and cooperative A&S programs with applicable DoD components, Executive Branch agencies, nations, and U.S. companies.

In supporting the ATTR SSG, the TSFDO screens, performs triage, and tracks TSFD actions that merit the attention of the DoD's senior leaders. The TSFDO also identifies

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

important technology transfers and processes associated TSFD actions in advance of need (i.e., [develops "anticipatory" policies](#) for the Secretary and Deputy Secretary of Defense). The intent is to "get ahead of the power curve" so that the Department can quickly handle such requirement when they arise. The TSFDO also enables the expedited review of technology transfers by providing guidance to the DoD's TSFD community on staffing release requests through applicable TSFD processes in the most efficient and effective way. Finally, the TSFDO conducts ATTR SSG-authorized TSFD outreach efforts to engage the DoD TSFD community and keep it abreast of evolving TSFD release considerations. The TSFDO also performs two unique and specialized functions. It staffs and provides final disposition of [Electronic Warfare \(EW\) information assurance waiver requests](#) required for providing EW capabilities to partners and allies. The TSFDO also supports several Senior Integration Groups (SIGs) that have time-sensitive TSFD review requirements for urgently needed technology in support of ongoing operations.

As directed or delegated by law, regulation, DoD Directive, or DoD Instruction, PD leads the DoD's efforts in a wide variety of technology security and export control matters. In the international arena, PD provides policy and subject-matter expertise in a number of forums. This is particularly true with respect to the international export control regimes. PD represents the Department at, and oversees DoD input in, all Australia Group (Export Controls for Chemical and Biological Agents), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Wassenaar Arrangement (Export Controls for Conventional Arms and Dual-Use Goods and Technologies) activities. The PD also leads the Department's efforts in activities related to Section 123 of the Atomic Energy Act, which addresses U.S. civil nuclear cooperative agreements with other nations. The Policy Directorate continues to play an instrumental role in ensuring that the DoD's national security interests are not undermined by changes to the Arms Trade Treaty, or by improper implementation by States-Parties to the Treaty.

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

In the wake of the 2009 Export Control Reform initiative and the enactment of the Export Control Reform Act of 2018, PD continues to be an intellectual leader in helping to modernize, streamline, and synchronize the U.S. export control system. The PD continues to be influential in keeping national security and competitiveness as the key determinants in post-ECR-related activities, such as implementation of the Conventional Arms Transfer policy.

On behalf of the U.S. Patent and Trademark Office, PD coordinates national security reviews of patent applications for sensitive, and classified defense-related technology. In a related vein, the PD reviews classified foreign patent applications covered under the "NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defense and for which Applications for Patents Have Been Made" and related bi-lateral agreements.

The PD also plays an important role for the Department in contributing to USG decisions on sanctioning violators of U.S. export regulations and helping to determine which business entities (U.S. and foreign companies and individuals) should be restricted from purchasing sensitive or classified defense technology. PD plays a central role in U.S. export denial consultations with foreign partners.

In addition, the PD is the Office of the Under Secretary of Defense for Policy's (OUSDP) lead for all National security reviews for transactions filed with the CFIUS, which involve the sale of U.S. companies (with the capability to make a product or provide a service important to U.S. national security or defense) to a foreign entity. With the passage of the Foreign Investment Risk Review Modernization Act (FIRRMA), DTSA's

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

(especially the Policy and Technology Directorates) role in national security review of CFIUS cases will greatly increase in the coming fiscal years. PD also continues to spearhead OUSDP's work in development and implementation of Defense trade treaties with the UK and Australia. The PD plans and executes all of the DTSA's bilateral international engagements including the Cooperative Technology Security Program (CTSP). The CTSP is a DoD Defense Institution Building (DIB)/International Capacity Building (ICB) Program-funded initiative in which PD experts advise other countries' defense and security establishments regarding technology security institutions and mechanisms for the purpose of protecting sensitive indigenous and U.S.-origin warfighter technologies. The CTSP helps to build USG confidence in partner nations' technology security and export control capabilities, bolsters partners' institutional capacity, and thus the CTSP is a key enabler of greater security cooperation with partner countries.

The PD plans and executes all of the DTSA's bilateral international engagements including the CTSP. The CTSP is a DoD Ministry of Defense Advisory (MoDA)/Defense Institution Building (DIB) Program-funded initiative in which PD experts advise other countries' defense and security establishments regarding technology security institutions and mechanisms for the purpose of protecting sensitive indigenous and U.S.-origin warfighter technologies. The CTSP helps to build USG confidence in partner nations' technology security and export control capabilities, bolsters partners' institutional capacity, and thus the CTSP is a key enabler of greater security cooperation with partner countries.

For the DTSA itself, the PD plays a leading role in several activities. In support of the DTSA's License Directorate, the PD reviews commercial munitions and dual-use export license applications for policy-related concerns and makes recommendations as appropriate. On behalf of DTSA, the PD provides personnel to support Department of State and Commerce end-user checks of export license applicants.

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

The PD's outreach and liaison responsibilities on behalf of DTSA are also considerable and varied. First, it conducts a robust program of outreach activities with industry and academia (both U.S. and foreign). The DTSA also has active and robust programs for legislative liaison and public affairs, for which the PD is responsible. The DoD components produce or update a considerable number of issuances (directives, instructions, manuals and directive-type memos) every year. The PD oversees and coordinates the review of all issuances that pertain to technology security, export control, or Defense trade.

The PD's workload and accomplishments for a typical year are considerable. The PD plans, coordinates, and executes more than 100 international engagements, including approximately 15 major multilateral negotiations at the office-director-level and approximately 25 senior-level engagements, many requiring overseas travel for the DTSA's Director. It also conducts approximately 100 outreach activities with industry and academia each year. The PD also conducts up to a dozen in-depth, analytical studies on country-specific and worldwide technology acquisition trends, over 6,000 patent security reviews, and over 50,000 end-user checks of entities included in dual-use and munition export license applications (many with multiple end users) in support of day-to-day licensing/technology transfer operations and review.

Technology Directorate (TD):

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<u>Actuals</u>	<u>Enacted</u>	<u>Estimate</u>
8,659	8,715	9,059

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

The Technology Directorate (TD) provides the DTSA's principal source of technical insight, advice, and analysis on international transfers of defense-related items and other technology-related matters of national security interest.

The TD supports the DTSA mission in several ways by providing the technical foundation to virtually every action or activity undertaken. As one of its core functions, the TD identifies technologies that are critical to the U.S. military advantage and national security. This is particularly true with respect to DoD efforts to modernize, streamline, and synchronize the USG's export control systems and regulations, as well as international export control regimes, such as the Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and Wassenaar Arrangement (WA). The TD annually reviews and analyses roughly 19,000 international transfers of military technology, defense articles, and dual-use items in a manner consistent with DoD's technology security objectives and national security interests in support of U.S. national security reviews of the Departments of State (DoS) and Commerce (DoC) export licenses. In the process of reviewing technology transfers to other countries, the TD is often called upon to recommend solutions to complex technical problems affecting national security. This task requires the TD to document and convey clear and accurate positions on international transfers that protect the U.S.' warfighting edge and mitigate technology security risks.

The TD technical staff consists of senior engineers and scientists who are recognized experts on highly-sensitive, military technologies that contribute to the U.S.' military advantage, and who apply their knowledge and expertise daily to shape DoD technology security policy. To effectively accomplish the DTSA mission in a timely manner, the TD scientists and engineers must be experts on both domestic and foreign defense-related technology and capabilities. They must also be highly proficient at applying their technical knowledge in a manner consistent with the USG's policy and regulatory framework

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

as well as a variety of multilateral forums concerned with technology security. The foregoing requires TD's engineers and scientists to integrate contributions from DoD and other USG stakeholders in developing viable technical solutions for managing technology transfer risks. Finally, they must convey their analysis and recommendations on complex technical subjects in understandable terms to a broad audience.

The TD also protects U.S. space-related technological advantages and prevents the diversion or proliferation of this critical technology. The TD promotes the U.S. space industry's competitiveness in the international marketplace by providing responsive services that support the U.S. space industry's export license requests. The TD performs post-licensing oversight of both DoS and DOC exported spacecraft, satellites, or related items if they are to be launched using a foreign space launch vehicle.

The TD maintains a technically qualified and readily available staff of engineers who can respond quickly to industry's demands for monitoring services. The TD deploys its monitors when the DoS Directorate of Defense Trade Controls (DDTC) imposes special export controls (SECs) on space-related export authorizations. SECs are imposed when a satellite (or related items) is exported for launch in a foreign country that is neither a member of NATO nor a major non-NATO ally of the U.S. (or by the nationals of such a country). In cases where SECs are mandated, the applicant must reimburse the U.S. Government for all monitoring costs. In the event of a launch failure (i.e., crash), a separate mandatory license is required for the conduct of investigations and analysis. Export licenses for evaluating launch failures in such cases also require reimbursement from industry.

Although SECs are not required for the launch of U.S.-origin satellites, spacecraft, and components from or by nationals of a country that is a member of NATO or a major non-NATO

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

ally, such export controls may nonetheless be applied. SECs include physical monitoring and also the development of Technology Transfer Control Plans (TTCPs). The TD reviews and approves these industry plans to ensure the launch campaign is carried out within DoS or DoC authorizations or limitations, and prevents the unauthorized transfer of U.S. space technology.

Licensing Directorate (LD):

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<u>Actuals</u>	<u>Enacted</u>	<u>Estimate</u>
6,115	6,116	6,397

The Licensing Directorate (LD) manages all of DoD's actions related to the U.S. national security review of DoS export and import licensing of defense articles and services, Commerce Department export licensing of dual-use items/munitions articles, Energy Department export licensing of nuclear energy-related technology and National Regulatory Agency (NRC) nuclear-controlled materials.

The LD reviews an average of 46,669 munitions and dual-use export license applications per year. The LD experienced a slight decrease in license volume as a result of revisions to the DoS, International Traffic in Arms Regulations (ITAR) and the DoC's Export Administration Regulations (EAR), and availability of DoC license exceptions.

The LD is DoD's lead in the National Security Council's commodity jurisdiction (CJ) process, which determines the proper regulatory jurisdiction for controlled technology and defense services. Further, the LD leads DoD's commodity classification reviews

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

regarding munitions articles controlled under the EAR to determine the appropriate export control classification number (ECCN) for an item or technology. The ECCN determines licensing policy. The LD also spearheads DoD efforts in developing and drafting U.S. regulatory export control language regarding proposed changes to the ITAR and EAR. Finally, it heads the DoD's efforts in assessing the potential harm U.S. national security resulting from export violations.

The LD processes an average of 19,427 munitions Direct Commercial Sales export license applications received from the DoS. The directorate anticipates a moderate increase (~10,000) in overall licenses referred to DoD after the State Department publishes final changes to Categories I-III of the ITAR (Firearms, close Assault Weapons and Combat Shotguns; Armament and Ammunition/Ordnance). Forthcoming ITAR regulatory changes and implementation of the FY 2019 National Defense Authorization Act that mandates new reporting requirements for interagency licensing disputes resolution decisions, the LD further projects a requirement for a 1.50 additional Full Time Equivalent (FTE) increase. In accomplishing this significant responsibility, the directorate develops and adjudicates the DoD's final national security decision on munitions-related export license applications referred to the department by the DoS. The directorate prepares and releases DoD decisions on recommendations the Military Departments, Joint Staff, and Defense Agencies provide to the LD under mandated review timelines.

The LD leads the DoD process for review of changes to the ITAR and EAR. In this capacity it proposes, and provides the DoD's decisions on changes to rules and regulations of the ITAR and EAR, to include export control parameters, licensing policies and licensing exemptions (e.g., exports not requiring an individual U.S. Government license authorization), based on recommendations provided by the Military Departments, the Joint Staff, and defense agencies.

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

The Department, interagency, and the U.S. high tech business industry frequently seeks guidance from the LD staff for its regulatory and direct commercial sales licensing expertise and experience. For example, the LD serves as the Department's export licensing experts on a variety of technology security teams that address major DoD defense and cooperative programs. These programs require the expertise of the DTSA's subject matter experts - and often considerable time. The LD also provides the DoD expertise on export licensing in interagency and international forums to concerning individual licensing actions, commodity jurisdictional determinations, and violations of the Arms Export Control Act (AECA).

The LD plays an important role in adjudicating or otherwise resolving important USG or DoD export control and technology transfer issues. Frequently, U.S. industry is unclear whether the DoS, or the DoC has regulatory jurisdiction over a defense article that may be subject to the ITAR or the EAR. As a result, the directorate annually develops and adjudicates the Department's final determination on an average of 574 Commodity Jurisdiction requests received from DoS. In addition, the LD annually develops and adjudicates the Department's final "harm to national security" decisions on an average of 30 notifications of possible export violations received from DoS.

The annual case load of 27,242 dual-use and Commerce-controlled munitions export license applications received from the Commerce Department remains substantial. In this regard, the LD develops and adjudicates the Department's final national security position on Commerce-Department-regulated, dual-use and munitions export license applications for submission to the Commerce Department based on recommendations provided by the Military Departments, the Joint Staff, and Defense Agencies. The LD defended 296 disputed technology transfer requests escalated to the Commerce-Department-led dispute resolution

OP-5 Exhibit - Operation and Maintenance Detail

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

process (Operating Committee (OC) and 22 cases escalated to the Assistant Secretary-level Advisory Committee on Export Policy (ACEP), for senior-level decisions.

In the interagency and international arena, the LD represents the Department in USG forums that deliberate dual-use and military-related license decisions that fall within the scope of the AG, MTCR, and NSG. In support of U.S. policies to stem the proliferation of controlled goods and technology to foreign countries and entities of concern, and on behalf of the Department, LD reviews open-source and intelligence reporting and recommends foreign entities for inclusion on the U.S. Department of Commerce's Entity List. The Entity List places a significantly higher burden on high risk foreign parties seeking access to controlled U.S. technologies and goods. The LD is the Department's focal point for developing and disseminating final decisions to approve parties for addition on the USG's Validated End-User Program, which confers favorable license-free treatment to trusted foreign companies.

The LD also serves the Department by maintaining a comprehensive repository of export information to include licensing trends, industry technology roadmaps, technical specifications, historical data, and supply chain information. This information is useful for developing export control policy, establishing technology security thresholds, and supporting Federal law enforcement agencies in pursuing violations of export control laws and interdicting illicit exports.

International Security Directorate (ISD):

**FY 2018
Actuals**

**FY 2019
Enacted**

**FY 2020
Estimate**

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

2,198	2,231	2,262
-------	-------	-------

The International Security Directorate (ISD) carries out the responsibilities of the Secretary of Defense for U. S. national policy governing the disclosure of classified military information and materiel to foreign governments and international organizations. It provides DoD's liaison with foreign government officials for this and other purposes. In support of government and commercial international activities, ISD develops security policies and associated arrangements. The ISD also develops and negotiates security arrangements with foreign governments and international organizations. The NATO issues are a significant part of the ISD's portfolio. In this regard, the ISD represents the U.S. at the NATO Security Committee, implements NATO security regulations, develops the U.S. position on NATO Security Agreements with Partnership for Peace countries, and leads the formation of the U.S. position on NATO security issues.

The ISD carries out the foregoing mission and responsibilities in various ways. First, it formulates, coordinates, and publishes the National Disclosure Policy (NDP-1). As the executive secretariat for the USG's National Disclosure Policy Committee (NDPC), it runs day-to-day operations for this body and provides administrative support for it.

The ISD also works with foreign governments and international organizations to achieve its mission. To this end, the ISD develops and negotiates general and industrial security agreements with allied and other friendly nations. In addition, it conducts on-site security assessments of foreign government security laws, policies, and practices. It provides liaison between the DoD and security officials of allied and other friendly nations on issues of mutual concern and represents the DoD's security interests in international organizations, meetings, and conferences. Examples of this responsibility

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

include co-chairing the U.S.-Canada Security and Technology Sharing Subcommittee and representing the U.S. at the Multinational Industrial Security Working Group.

For the DoD, the ISD drafts, coordinates, and promulgates policies and procedures governing the conduct of activities that involve the sharing of classified military information and materiel (e.g., foreign visitors, personnel exchanges) with foreign governments and international organizations. The ISD also advises and provides policy advice and guidance to the DoD Components on the security aspects of security assistance, armament cooperation, and other international activities. Lastly, it develops and negotiates special security provisions for international acquisition programs (e.g., cooperative research and development, security assistance, and reciprocal procurement).

With respect to interagency issues, the ISD develops and provides policy advice on those sections of the ITAR that deal with security and the export of classified defense articles and technical data. Additionally, it develops or provides input on international security to U.S. industrial security policy.

Within the USG, the ISD implements policies and procedures for the protection of NATO classified information. It represents the U.S. at the NATO Security Committee meeting and on NATO working groups. It also exercises policy and operational control over the Central United States Registry, which provides oversight of Information Systems Security (INFOSEC) and document security for all NATO-affiliated agencies and organizations within the United States

One final responsibility merits mention. The ISD provides policy guidance and oversight to the Military Services, the Defense Acquisition University (DAU), the Defense Security

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

Service (DSS) Center for Development of Security Excellence (CDSE), and the Defense Institute of Security Cooperation Studies (DISCS) on training courses pertaining to foreign disclosure and international security.

Management Directorate (MD):

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<u>Actuals</u>	<u>Enacted</u>	<u>Estimate</u>
6,393	5,764	6,340

The Management Directorate (MD) is responsible for issues relative to personnel, finance, contracts, security, information, facilities, internal management controls, and general administrative support services to the Director, DTSA, and the other directorate line organizations of DTSA. Proper execution of these services ensures DTSA fulfills its technology and information security mission and meets its strategic goals.

The MD staff consists of experts in finance, security, personnel, contracts, IT, and business operations. These individuals provide the necessary professional, technical, and administrative guidance and actions to plan, align, use, and protect all of DTSA's resources.

The MD has wide-ranging responsibilities. It protects the DTSA's personnel and resources through a comprehensive security program, including robust physical, and personnel, information assurance/cyber, antiterrorism/force protection, travel/personal security, communications security, operations security, special security, and insider threat awareness programs. The DTSA Insider Threat Program (required by Presidential Memorandum

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

on National Insider Threat Policy and Minimum Standards for Executive Branch Insider Threat Programs, November 21, 2012, and DoD Directive 5205.16, the DoD Insider Threat Program, September 30, 2014) is currently at an initial operating capability (IOC). DTSA is on track to achieve Full operating capability (FOC) in FY 2020. FOC requires acquisition, operation, and maintenance of user activity monitoring (UAM) system(s) and additional analyst personnel. The Joint Service Provider is responsible for providing UAM services to ensure DTSA is compliant with national and DoD standards.

MD safeguards DTSA's resources from fraud, waste and abuse through use of a strict Internal Management Control Program. Based on guidance from the Director, DTSA, MD plans, programs, and executes DTSA's financial resources. The MD provides oversight of the DTSA's acquisition and support contract requirements.

Maintaining and improving the DTSA's physical plant is another important responsibility, which is done in close collaboration with the Mark Center's building management. The MD ensures that Information Technology (IT) resources remain connected, secure, and modern. The MD plans and operates the DTSA Continuity of Operations (COOP) plan and alternate operating location at Dover AFB, DE.

Administratively, the MD provides guidance to the broader organization by publishing, monitoring, and updating DTSA's administrative instructions, standard operating procedures, and policy memorandums. Additionally, the MD manages DTSA's personnel administration, evaluation, recognition, and support programs for both military and civilian employees.

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

In FY 2020 the MD have additional requirements to for Cyber Security, Cloud computing and Continuity of Operations (COOP).

Security Policy Automation Network (SPAN):

<u>FY 2018</u> <u>Actuals</u>	<u>FY 2019</u> <u>Enacted</u>	<u>FY 2020</u> <u>Estimate</u>
5,269	5,272	4,618

The Security Policy Automation Network (SPAN) is a group of automated systems and applications that perform government-wide technology security functions. The DTSA operates and maintains the following 5 primary SPAN systems mission applications.

1. The USXPORTS provides case management and workflow tracking for munitions and dual-use license applications generated U.S. exporters, reviewed by the DoD, Homeland Security, DoE, and the Treasury, and ultimately approved/disapproved by the DoS, DoC, or DoE. The Export Licensing Information System Advisor (ELISA) associated with USXPORTS provides an electronic mechanism for industry to obtain the current status of dual-use and munitions license applications.

Under the President's Initiative for Export Control Reform, USXPORTS is the IT platform for unifying and modernizing the U.S. Government's electronic export licensing system. DTSA is the USG Executive Agent for USXPORTS.

The DoD, DoS, and DoE are fully on-line and using USXPORTS. The DoC is partially on-line, and the National Security Staff (NSS) directed DoC to continue its

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

transition to USXPORTS. The DTSA continues to upgrade USXPORTS through enhancements supporting the USG export licensing adjudication processes.

2. The Spacelink is an IT application that supports the DTSA's statutory Space Monitoring mission. The system provides a web-based, collaborative environment for the DoD and industry to share and review documentation associated with a foreign space launch of U.S. technology (i.e., satellites and/or their components).
3. The Foreign Visits System (FVS) consists of multiple software applications used to request, approve, and confirm visits by foreign nationals to DoD facilities and organizations within CONUS.
4. The National Disclosure Policy System (NDPS) provides an IT infrastructure to support the functioning of the U.S. Government's National Disclosure Policy Committee, including documenting decisions on exceptions to national disclosure policy. NDPS accommodates separate processing of certain, specific Disclosure requests.
5. The DoD Patent Application Review System (DPARS) provides case management of patent applications for DoD review, workflow tracking, and secrecy order recommendations for U.S. and foreign-filed patent applications. Also, the DPARS creates legally-required, access-acknowledgement forms sent to the U.S. Patent and Trademark Office.

For DPARS, future development will focus on the user experience and adding functionality such as conducting advanced searches, converting operators' and

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

I. Description of Operations Financed (cont.)

users' manuals to a web-based or on-line format, and creating formal Secrecy Order recommendation letters for the Services and the DTSA. Work is also ongoing to automate the connection between the DoD and the U.S. Patent and Trademark Office for the acceptance and auto-creation of cases, as well as the automatic downloading and transmission of access acknowledgement letters to the U.S. Patent and Trademark Office.

All SPAN systems will need to be rehosted to a central cloud structure at an approved consolidated data center starting in FY 2019, IAW DoD CIO direction in response to OMB's Federal Data Center Consolidation (FDCC) initiative and Deputy Secretary of Defense Memorandum OSD004242-15, Consolidation of Pentagon Information Technology Operations, 1 May 2015.

USG personnel oversee contractor support for SPAN applications in the areas of software development, operations, maintenance and documentation. The contractor also supports SPAN infrastructure requirements, including technical support for networks, server support, mail and messaging, archiving, and database administration. This responsibility also includes SPAN system design and integration for networks and servers, design and implementation of mail and messaging solutions, technical solutions for certification, technical solutions to meet Federal archiving requirements for automated records, and technical personnel for operations in these areas.

II. Force Structure Summary:

OP-5 Exhibit - Operation and Maintenance Detail

Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget

II. Force Structure Summary (cont.)

Not Applicable.

Defense Technology Security Administration
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2020 President's Budget

III. Financial Summary (\$ in thousands)

	FY 2019						
	FY 2018 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Enacted</u>	FY 2020 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
A. BA Subactivities							
Defense Technology Security Agency	35,344	34,951	-90	-0.3	34,861	34,861	35,626
Total	35,344	34,951	-90	-0.3	34,861	34,861	35,626

Defense Technology Security Administration
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2020 President's Budget

III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2019/FY 2019</u>	<u>Change</u> <u>FY 2019/FY 2020</u>
Baseline Funding	34,951	34,861
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)	-90	
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	34,861	
Fact-of-Life Changes (2019 to 2019 Only)		
Subtotal Baseline Funding	34,861	
Supplemental		
Reprogrammings		
Price Changes		191
Functional Transfers		-1,220
Program Changes		1,794
Current Estimate	34,861	35,626
Less: Wartime Supplemental		
Normalized Current Estimate	34,861	

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2019 President's Budget Request (Amended, if applicable)		34,951
1. Congressional Adjustments		-90
a. Distributed Adjustments		
b. Undistributed Adjustments		
1) Historical Underexecution	-90	
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2019 Appropriated Amount		34,861
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2019 Baseline Funding		34,861
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2019 Estimate		34,861
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2019 Normalized Current Estimate		34,861
6. Price Change		191
7. Functional Transfers		-1,220
a. Transfers In		
b. Transfers Out		
1) IT Services	-1,220	
One-time functional transfer to align IT services to DoD Joint IT Service Provider under the operation control of the Defense Information Systems Agency (DISA). Transfer includes help desk, license, and end user support (\$-792K); manpower (\$-149K; -1 FTE), voice services (\$-146K), and equipment/other support (\$-133K). (FY 2019 Baseline: \$1,220 thousand)		
8. Program Increases		2,889
OP-5 Exhibit - Operation and Maintenance Detail		

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
a. Annualization of New FY 2019 Program		
b. One-Time FY 2020 Increases		
c. Program Growth in FY 2020		
1) Operating Support	2,781	
Increase to support requirements for Cloud Computing, Cyber Security, and Continuity of Operations (COOP). (FY 2019 Baseline: \$0 thousand)		
2) Compensable Day	95	
One additional compensable day that is added for FY 2020. The number of compensable days changes from 261 in FY 2019 to 262 in FY 2020. (FY 2019 Baseline: \$24,684 thousand)		
3) Defense Financial Agency Services	12	
Increase reflects an additional Defense Financial Agency Services financial operations, management professional support and other support contracts (FY 2019 Baseline: \$604 thousand)		
4) Management Professional Support Services	1	
Reflects change in contract price. (FY 2019 Baseline: \$174 thousand)		
9. Program Decreases		-1,095
a. Annualization of FY 2019 Program Decreases		
b. One-Time FY 2019 Increases		
c. Program Decreases in FY 2020		
1) Civilian Compensation	-914	
Reflects reduction of 4 full-time equivalents (FTEs) for Management Headquarters Reduction (2) and 2 FTEs under execution (2). (FY 2019 Baseline: \$24,684 thousand)		

OP-5 Exhibit - Operation and Maintenance Detail

Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget

III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases

2) Rents (Non-GSA)

The decrease reflects new pricing by Washington
Headquarters Service and decrease in DTSA space. (FY
2019 Baseline: \$1,996 thousand)

Amount

-181

Totals

FY 2020 Budget Request

35,626

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

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 130,000 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 2019 and FY 2020, DTSA will adjudicate 100% of Munitions and Dual-Use export license applications received from the Departments of State and Commerce within prescribed statutory timelines.

FY 2018	FY 2019	FY 2020
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
100%	100%	100%

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

V. <u>Personnel Summary</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Change FY 2018/ FY 2019</u>	<u>Change FY 2019/ FY 2020</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>0</u>
Officer	8	8	8	0	0
<u>Reserve Drill Strength (E/S) (Total)</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>0</u>	<u>0</u>
Officer	15	15	15	0	0
Enlisted	6	6	6	0	0
<u>Civilian End Strength (Total)</u>	<u>123</u>	<u>132</u>	<u>127</u>	<u>9</u>	<u>-5</u>
U.S. Direct Hire	120	129	124	9	-5
Total Direct Hire	120	129	124	9	-5
Reimbursable Civilians	3	3	3	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>0</u>
Officer	8	8	8	0	0
<u>Reserve Drill Strength (A/S) (Total)</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>0</u>	<u>0</u>
Officer	15	15	15	0	0
Enlisted	6	6	6	0	0
<u>Civilian FTEs (Total)</u>	<u>123</u>	<u>132</u>	<u>127</u>	<u>9</u>	<u>-5</u>
U.S. Direct Hire	120	129	124	9	-5
Total Direct Hire	120	129	124	9	-5
Reimbursable Civilians	3	3	3	0	0
Average Annual Civilian Salary (\$ in thousands)	202.1	191.3	192.5	-10.8	1.2
<u>Contractor FTEs (Total)</u>	<u>32</u>	<u>29</u>	<u>29</u>	<u>-3</u>	<u>0</u>

**Defense Technology Security Administration
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2020 President's Budget**

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

<u>OP 32 Line</u>	<u>FY 2018</u> <u>Actuals</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Enacted</u>	<u>Change</u> <u>FY 2019/FY 2020</u>		<u>FY 2020</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	24,250	124	310	24,684	0	-819	23,865
199 Total Civ Compensation	24,250	124	310	24,684	0	-819	23,865
308 Travel of Persons	712	13	-4	721	14	0	735
399 Total Travel	712	13	-4	721	14	0	735
696 DFAS Financial Operation (Other Defense Agencies)	594	31	-21	604	1	12	617
699 Total DWCF Purchases	594	31	-21	604	1	12	617
914 Purchased Communications (Non- Fund)	163	3	-56	110	2	-112	0
915 Rents (Non-GSA)	1,923	35	38	1,996	40	-181	1,855
920 Supplies & Materials (Non- Fund)	510	9	-198	321	6	0	327
932 Mgt Prof Support Svcs	169	3	2	174	3	1	178
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	551	10	-214	347	7	2,593	2,947
989 Other Services	1,070	19	-458	631	13	-67	577
990 IT Contract Support Services	5,400	97	-226	5,271	105	-853	4,523
999 Total Other Purchases	9,788	176	-1,112	8,852	176	1,381	10,409
Total	35,344	344	-827	34,861	191	574	35,626