

Bureau of Industry and Security

The mission of the Bureau of Industry and Security (BIS) is to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership.

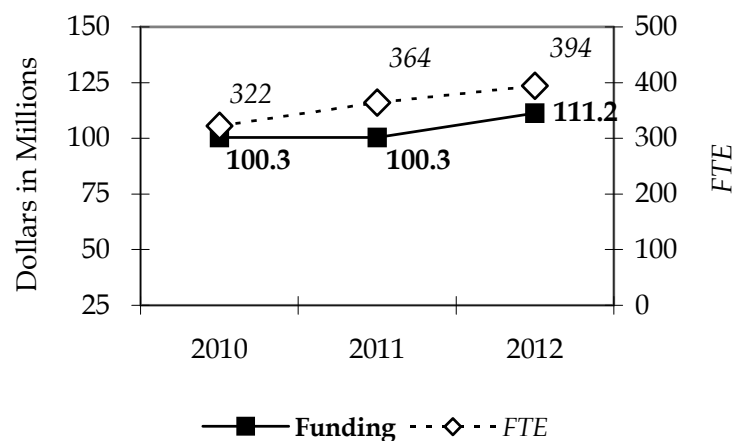
BIS accomplishes this mission through the following activities:

- Regulating the export of sensitive “dual use” goods and technologies in an effective and efficient manner;
- Enforcing export control, anti-boycott, and public safety laws;
- Cooperating with and assisting other countries on export control and strategic trade issues;
- Assisting U.S. industry in complying with international arms agreements; monitoring the viability of the U.S. defense industrial base;
- Evaluating the effects on national security of foreign investments in U.S. companies; and,
- Supporting continued U.S. technology leadership in industries that are essential to national security.

BIS’s mission priorities are to:

- **Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system:** BIS administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of weapons of mass destruction, combat terrorism, and pursue other national security and foreign policy goals. BIS also serves as the lead agency for ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC) and the International Atomic Energy Agency (IAEA) Additional Protocol, which allows the IAEA complimentary inspection authority in order to develop a comprehensive picture of a country’s nuclear and nuclear-related activities. BIS’s enforcement efforts detect, prevent, and prosecute illicit dual-use export activity, with a primary focus on weapons of mass destruction, terrorism, and military diversion.
- **Integrate non-U.S. actors to create a more effective global export control and treaty compliance system:** The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of multilateral export control regimes and cooperates with other countries to help them establish effective export control programs. As part of policy formulation and implementation toward key trading partners and transshipment countries, BIS engages in a robust end-use visit program.
- **Ensure continued U.S. technology leadership in industries that are essential to national security:** BIS works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to national security. To this end BIS analyzes the impact of export controls and trade policies on strategic U.S. industries, administers the Federal Government’s Defense Priorities and Allocations System (DPAS), reports on the impact of defense trade offsets, and evaluates the security impact of certain proposed foreign investments in U.S. companies.

Budget Authority and FTE



Summary of Appropriations

<u>Funding Levels</u>	2010	2011 CR	2012	Increase
<u>Appropriation</u>	<u>Actual</u>	<u>(Annualized)</u>	<u>Estimate</u>	<u>(Decrease)</u>
Operations and Administration	\$100,342	\$100,342	\$111,187	\$10,845
Total Appropriation	100,342	100,342	111,187	10,845
TOTAL, BUDGET AUTHORITY	100,342	100,342	111,187	10,845
FTE				
Operations and Administration	322	364	394	30
Reimbursable	2	2	2	0
Total	324	366	396	30

Highlights of Budget Changes

Appropriation: Operations and Administration

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE*</u>	<u>Amount</u>
2011 CR (Annualized)			364	\$100,342

Adjustments to Base

Adjustments to support level in FY 2011 President's Budget

2 \$879

Other Changes

Civil Service Retirement System (CSRS)	(\$44)
Federal Employees' Retirement System (FERS)	72
Thrift Savings Plan	13
Federal Insurance Contributions Act (FICA/OASDI)	(28)
Health insurance	174
Travel - Mileage	(12)
Rent payments to GSA	89
Printing and reproduction	3
Other services:	
Working Capital Fund	528
NARA	1
Water	2
Electricity	185
Fuel	(13)
General Pricing Level Adjustment	
Transportation of things	2
Communications, utilities, and miscellaneous	11
Other services	211
Supplies	15
Equipment	60

Subtotal, other cost changes

0 \$1,269

TOTAL, ADJUSTMENTS TO BASE

2 2,148

2012 Base

366 102,490

Administrative Savings

0 (1,718)

Program Changes

28 10,415

2012 APPROPRIATION

394 111,187

Note: The distribution of administrative savings reflected in this table is based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change.

Comparison by Activity

	2011 Currently Avail.		2012 Base		2012 Estimate		Increase / Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
DIRECT OBLIGATIONS								
Management & Policy Coordination	11	\$6,045	11	\$6,182	11	\$6,162	0	(\$20)
Export Administration	187	54,379	188	55,565	188	54,007	0	(1,558)
Export Enforcement	166	40,208	167	40,743	195	51,018	28	10,275
TOTAL DIRECT OBLIGATIONS	364	100,632	366	102,490	394	111,187	28	8,697
REIMBURSABLE OBLIGATIONS	1	7,912	1	2,000	1	2,000	0	0
TOTAL OBLIGATIONS	365	108,544	367	104,490	395	113,187	28	8,697
FINANCING								
Unobligated balance, start of year (Direct)		(290)						
Unobligated balance, start of year (Reimbursable)		(5,912)						
Offsetting collections from:								
Federal funds	(1)	(1,050)			(1)	(1,050)		
Non-Federal sources		(950)				(950)		
Subtotal, financing	(1)	(8,202)			(1)	(2,000)		
TOTAL BUDGET AUTHORITY /	364	100,342			394	111,187		
APPROPRIATION								

Note: The distribution of administrative savings reflected in this table is based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change.

Administrative Savings

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, BIS has identified \$2,000,000 in administrative savings. BIS has targeted a number of areas to achieve these savings. Of these savings, \$1,418,000 is tied to its Information Technology (IT) plans for FY 2012 (see the details in the program change below). In the area of acquisition, BIS expects to reduce its costs by \$300,000 utilizing strategic sourcing opportunities negotiated by the Department. BIS also expects \$282,000 in savings through the Department of Commerce Working Capital Fund. The \$2,000,000 represents a real reduction to BIS's funding level and will help reduce overall spending by the Federal government.

Highlights of Program Changes

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
<u>Management and Policy Coordination</u>	15	\$6,182	0	-\$20
Administrative Savings	N/A	N/A	0	-\$20

This reduction reflects the program's share of the Administrative Efficiency Initiative described above.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<u>Export Enforcement (EE)</u>	167	\$40,743	28	+\$10,275
Administrative Savings	N/A	N/A	0	-\$140
Office of Export Enforcement Enhancement Initiative	167	\$40,743	28	+\$10,415

In FY 2012, EE will continue to improve upon the aggressive posture it has assumed in response to the Administration's various mandates in the arena of counter proliferation and export enforcement. Doing so will place BIS in the best possible position to execute its critical mission of ensuring that sensitive U.S. dual-use goods and technologies are not misused by proliferators, terrorists and others working contrary to the national security interests of the United States, and will significantly enhance outreach and education efforts directed to promote and encourage compliant exports. EE has several significant ongoing investigations, operations, and outreach efforts which highlight the current need for more investigators and program enhancements to pursue these national security imperatives.

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission) has recommended enhancement of the U.S. Government's counter proliferation efforts. BIS is seeking additional resources to increase the number of positions in the Office of Export Enforcement (OEE) to support increased counter proliferation, counterterrorism and national security programs and investigations. Seized Computer Evidence Recovery Specialist (SCERS) enhancements are also required to support this initiative as recent investigations have yielded great results utilizing these analytical technologies.

One of the core recommendations of the WMD Report was the expansion of BIS Special Agent resources in the field. An expanded presence will result in better access to industries and technologies with associated proliferation concerns, which have thus far been difficult to reach due to the limited OEE footprint across the country. In FY 2012, BIS will place four Resident Agent in Charge (RAC) offices in Arizona, Georgia, Ohio and Oregon. The RAC presides over a particular geographic area of operation within a Special Agent in Charge area. A typical RAC office is staffed by one GS-1811-14 RAC: approximately four Special Agents and one Export Control Specialist. This increase in OEE's investigative posture will allow the agency to more efficiently execute its duties within new regional areas of responsibility enhancing its ability to prevent the proliferation of dual-use goods and technology contrary to the national security interests of the United States. In addition, this expanded local presence will expand BIS's export promotion capabilities. Having permanent agents in a locale builds relationships with the resident industries and provides an accessible resource to explain licensing obligations, which some businesses may see as a barrier to international trade. Outreach seminars conducted by agents in the field help demystify the export process.

Additionally, BIS seeks to increase the number of Office of Enforcement Analysis (OEA) analyst positions to support increased coordination and liaison with the intelligence community in support of counter proliferation, counterterrorism and other national security programs. OEA analysts substantiate assertions of risk or actual violations of export controls, and factually describe events or actions of specific entities involved in specific transactions. Transaction-level analysis is then used to reveal patterns and trends of violations and potential violations of export control laws and regulations. OEA's Intelligence Analysis Division (IAD) develops law enforcement lead packages for BIS Special Agents in domestic field offices and supports investigations into exports violations, conducts risk assessments in support of Verified End-User program and Entity List determinations, and provides analytical and research support to other BIS offices.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
<u>Export Administration (EA)</u>	188	\$55,565	0	-\$1,558
Administrative Savings	N/A	N/A	0	-\$1,558

Through an Executive Memorandum on August 30, 2010, the President made a decision to move towards a single export control system rather than continuing to support the multiple, disparate systems that exist today. As a result, the accelerated development of the Export Control Automated Support System Redesign moves BIS away from an antiquated legacy system and toward a “Single Information Technology System” (as directed by the Administration’s fundamental reform of the U.S. export control system). This will decrease the overall requirement for engineering and development services, and the completion of one-time build-out charges and hardware purchases associated with the Compartmentalized Application Infrastructure supporting the high security requirements of our IT systems. BIS estimates savings of \$1.4 million as a result of these actions. BIS anticipates an additional \$0.1 million in savings from implementing strategic sourcing – gaining better pricing by working with the Department to coordinate and consolidate purchases across bureaus.

Performance Objective and Measures

(Dollars reflect obligations in Millions)

In FY 2012, in conjunction with its new strategic plan, the Department will complete the re-organization of its performance structure from three strategic goals and a management integration goal to three program themes and three administrative themes. An overview of the Strategic Plan can be found on Page 169. All of BIS’s program activities support the theme of Economic Growth, appearing under the goal of Trade Promotion and Compliance and within one objective – Implement an effective export control reform program to advance national security and overall economic competitiveness. BIS has continued to refine its performance measures to: (1) focus on results, (2) measure work under its control, (3) use representative data, and (4) create new measures to support new initiatives / programs.

	2010 Actual	2011 CR (Annualized)/Targets	2012 Estimate / Targets
Objective 10: Implement an effective export control reform program to advance national security and overall economic competitiveness	\$102.5	\$102.5	\$113.6
Percent of licenses requiring interagency referral referred within nine days	90%	98%	98%
Median processing time for new regime regulations (months)	3	2	2
Percent of attendees rating seminars highly	94%	93%	93%
Percent of declarations received from U.S. industry in accordance with CWC Regulations (time lines) that are processed, certified and submitted to the State Department in time for the U.S. to meet its treaty obligations	100%	100%	100%
Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge	806	850	1,157
Percent of Shipped Transactions in Compliance with the Licensing Requirements of the Export Administration Regulations (EAR)	98%	99%	99%
Percentage of Post-Shipment Verifications completed and categorized above the “Unfavorable” classification	256 PSVs / 93%	315 PSVs / 85%	315 PSVs / 85%
Percentage of leads that result in a prevention of a violation and cases which result in a criminal and/or administrative action	New	New	30/80%
Number of end-use checks completed	708	850	850
Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls	100%	100%	100%