



JANUARY 14, 2014

# TSA OVERSIGHT: EXAMINING THE SCREENING PARTNERSHIP PROGRAM

UNITED STATES HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

ONE HUNDRED THIRTEENTH CONGRESS, SECOND SESSION

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## HEARING CONTENTS:

### WITNESS TESTIMONY

Mr. Kelly C. Hoggan [\[view PDF\]](#)

Assistant Administrator for Security Operations, Transportation Security  
Administration

Mr. Mark Bell [\[view PDF\]](#)

Acting Deputy Inspector General for Audits, U.S. Dept. of Homeland Security, Office  
of the Inspector General

Ms. Jennifer Grover [\[view PDF\]](#)

Acting Director, Homeland Security and Justice, Government Accountability Office

### AVAILABLE WEBCAST(S)\*:

- Full Hearing:  
[http://www.youtube.com/watch?feature=player\\_embedded&v=zm9oIwRMac0](http://www.youtube.com/watch?feature=player_embedded&v=zm9oIwRMac0)

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- <http://oversight.house.gov/hearing/tsa-oversight-examining-screening-partnership-program/>

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**Statement of  
Kelly Hoggan  
Assistant Administrator, Office of Security Operations  
Transportation Security Administration  
U.S. Department of Homeland Security  
before the  
United States House of Representatives  
Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
January 14, 2014**

Chairman Mica, Ranking Member Connolly and members of the Subcommittee, I am pleased to appear before you today to discuss the Transportation Security Administration (TSA) Screening Partnership Program (SPP). TSA is a high-performing counterterrorism agency with a dedicated workforce executing our mission around the clock and across the globe, charged with facilitating and securing the travel of the nearly 1.8 million air passengers who fly each day. Our goal at all times is to maximize transportation security to stay ahead of evolving terrorist threats while protecting passengers' privacy and facilitating the secure and efficient flow of legitimate commerce. TSA's current security measures consist of a multi-layered system of transportation security that identifies, manages and mitigates risk. No layer on its own solves all our challenges, but, in combination, they create a strong and formidable system.

TSA has taken significant steps to focus its resources and improve the passenger experience at security checkpoints by applying intelligence-driven, risk-based screening procedures and enhancing its use of technology. To that end, TSA has several Risk Based Security (RBS) initiatives including TSA Pre✓™, Known Crew Member, Managed Inclusion, and modified screening procedures for passengers less than 12 years of age and over 75 years of

age, members of the military, and some members of the intelligence community - all designed to offer the most effective security in the most efficient way.

Last month, TSA announced the expansion of expedited screening benefits for all U.S. Armed Forces service members at more than 100 airports nationwide. TSA enjoys strong partnerships with industry stakeholders, which has enabled the successful implementation of a variety of new RBS procedures. On December 27, 2013, a high-volume day during the holidays, TSA provided expedited screening for 36.6 percent of the nearly 2 million passengers, and 98.9 percent of passengers waited less than 20 minutes to pass through security checkpoints. As TSA continues to integrate RBS into its approach to transportation security, we will work with current and new private sector screening partners to ensure that RBS is integrated effectively into SPP airports and the SPP program continues to be implemented effectively.

### **Screening Partnership Program History**

Congress, through the Aviation and Transportation Security Act (ATSA) (P.L. 107-71), established TSA and determined that aviation security would be most effective by making passenger screening a predominantly Federal responsibility. ATSA also authorized a pilot program for privatized passenger screening (see 49 U.S.C. 44919). TSA selected five airports to participate in the pilot program, representing five airport security risk categories as defined by the TSA Administrator. Companies that met statutory qualifications were then selected to conduct screening services under contract with the Federal Government. These private sector employees were, and remain, subject to the qualification and compensation criteria of Federal Transportation Security Officers (TSOs). In addition, ATSA enabled the Administrator to continue private contract screening with qualified companies at other U.S. airports after completion of the pilot program (see 49 U.S.C. 44920).

*The Federal Aviation Administration (FAA) Modernization and Reform Act of 2012*

(P.L. 112-95) amended 49 U.S.C. § 44920 to provide standards for approval of an SPP application, a timeline for approving or denying applications, and specific actions to take in the event an application is denied. Acceptance into the SPP program also requires that the TSA Administrator “determine(s) that the approval would not compromise the security or detrimentally affect the cost-efficiency or the effectiveness of the screening of passengers or property at the airport.”

For airport operators interested in the SPP, the TSA website includes the SPP application itself, an overview of the application process, and contact information for the appropriate TSA staff. Additionally, the site provides a listing and map of SPP airports, recent news regarding SPP (such as contract awards), links to Requests for Proposals (RFPs) postings, and employment opportunities at SPP service providers. TSA also utilizes the Federal Business Opportunities website to communicate with a wide range of vendors. For instance, TSA advertised and held a SPP specific Industry Day on January 10, 2014. This meeting was attended by approximately 100 vendors and it provided a general overview of the program’s direction and goals, informed industry of the acquisition process, and also provided a forum for obtaining feedback and insight into industry’s capabilities.

**Program Size and Scope**

The SPP is a voluntary program whereby airports may apply for SPP status and employ private security companies to conduct airport screening according to TSA standards. Participation depends on interest from airport operators. To date, that interest has been limited. Since the creation of the program in 2004, 30 airports have applied to the program (including the original 5 pilot airports) and 14 airports have private contract screeners in place. Of those

14 airports, seven fall within the smallest airport classification (Category IV - which means they emplane between 2,500 and 10,000 passengers a year). The 14 airports currently participating in SPP represent approximately 1,849 or 3.9% of the passenger screening positions across the country.

Applications from six additional airports have been approved and determinations for entry are pending contract solicitation. These six airports represent approximately 276 TSO positions. The other 10 applications have been withdrawn, denied, or commercial air service was discontinued at that location.

Regardless of whether an airport has private or federal employees conducting passenger screening operations, TSA maintains overall responsibility for security. To fulfill our responsibility in this mission, it is important to maintain our flexibility—as new and emerging threats are identified, we must be able to adapt and modify our procedures quickly to protect the traveling public and promote the flow of legitimate commerce. Federal Security Directors oversee the contracted operations as well as the other airport security operations, such as air cargo and facility security compliance inspections, that continue to be conducted only by Federal employees in accordance with ATSA.

### **Cost Efficiency**

To provide information to prospective bidders on SPP applications, TSA includes the federal cost estimate of the airport screening operations in the RFP. The estimates were refined to conform with changes to the law, as well as to incorporate all recommendations from audits conducted by the Government Accountability Office and the Department of Homeland Security Office of the Inspector General.

## **Conclusion**

The SPP program continues to be a voluntary program. TSA adheres to the statutory requirements for considering applications and accepting companies into the program. As noted at the outset, we strive to maximize security not only by keeping ahead of current threats identified by intelligence, but by maintaining security systems that focus our resources on areas where they will yield the optimal benefit. This is consistent with our risk-based approach to security and critical in times of budget austerity. The SPP, no less than any other security program, must be implemented in a manner determined by cost as well as demonstrable benefits. We continue to work with SPP contractors to make adjustments required in an extremely dynamic security environment. Thank you for the opportunity to appear here today. I will be happy to answer your questions.

# Kelly C. Hoggan

## Assistant Administrator for Security Operations



Kelly Hoggan became Assistant Administrator for Security Operations in May 2013.

As Assistant Administrator for Security Operations, Hoggan manages the daily field operations for a workforce of more than 50,000 employees at more than 450 airports nationwide. He is also responsible for regulatory compliance, budget and financial requirements, program planning, and partnering with security operators across multiple modes of transportation.

Hoggan most recently served as the Assistant Administrator for Global Strategies, where he was responsible for collaboratively working with international partners to secure the global transportation network. In that role he oversaw the management of a workforce located in more than 20 offices worldwide.

Hoggan joined TSA in 2004 and he has served in numerous leadership positions. These positions include Assistant Administrator for Security Capabilities, where he oversaw the implementation and development of security technologies.

Hoggan also served as the Deputy Assistant Administrator for Global Strategies where he served as an advisor to government officials around the world and aided in the harmonization of international aviation security measures. Additionally, he was the Deputy Assistant Administrator of Security Operations where he was responsible for the security operations at more than 450 airports nationwide.

Prior to joining TSA, Hoggan worked in the private sector and brings 18 years of airline and aviation industry experience to this new position having served in multiple senior level positions within operations, planning, and process improvement in an airport operational environment.

**STATEMENT OF MARK BELL**  
**ACTING ASSISTANT INSPECTOR GENERAL FOR AUDITS**  
**DEPARTMENT OF HOMELAND SECURITY**  
**OFFICE OF INSPECTOR GENERAL**  
*BEFORE THE*  
**SUBCOMMITTEE ON GOVERNMENT OPERATIONS**  
**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**  
**U.S. HOUSE OF REPRESENTATIVES**  
*CONCERNING*  
**THE TRANSPORTATION SECURITY ADMINISTRATION'S SCREENING**  
**PARTNERSHIP PROGRAM**

**JANUARY 14, 2014**



Good morning Chairman Mica, Ranking Member Connolly, and Members of the Subcommittee.

Thank you for inviting me here today to testify on the Transportation Security Administration's (TSA) Screening Partnership Program (SPP). My testimony will focus on the results of our audit of SPP, which were included in a report issued in June 2013. I will also briefly summarize the Government Accountability Office (GAO) audit report on SPP, which was issued in December 2012.

We performed this audit in response to requests from Senator Roy Blunt (Missouri) and Senator Bob Corker (Tennessee). The Senators had concerns about TSA's management of SPP, as well as the procurement process at Kansas City International Airport.

As of January 2013, 16 airports were participating in SPP, under which an airport operator may apply to use a private company to screen passengers and baggage rather than use Federal Government screening personnel. TSA reviews and approves applications to participate, awards contracts to private screening companies, and oversees the private screening workforce. We performed this audit to determine whether TSA administered SPP in accordance with Federal regulations.

TSA administered the program in accordance with the *FAA Modernization and Reform Act of 2012*, but could improve aspects of its administration. Specifically, TSA's files for its five most recent decisions to approve airports' applications to participate included documents that had not been finalized, as well as documents with inaccurate information. In addition, TSA did not document the rationale used to decide on four of the five contracts awarded during 2011 and 2012.

TSA had these issues because it did not develop and implement procedures to ensure that application evaluation and procurement decisions were adequately documented. The Component also did not have quality assurance procedures to ensure that the most relevant and accurate information was used to determine eligibility and approve participation in SPP. As a result, TSA risks making incorrect decisions on applications and procurements, and thus, may miss opportunities to save funds.

## **Background**

SPP was established in 2001 under the *Aviation and Transportation Security Act (ATSA)* (P.L. 107-71). Under SPP, airports can apply to TSA to use personnel from private companies to screen passengers and baggage. In 2002, five airports began participating in a 2-year pilot program; they elected to transition into the permanent program in 2004. In the same year, TSA began accepting applications from other airports.

Until 2011, TSA had no criteria when considering whether to approve airports' applications to participate in SPP. In 2012, under the *FAA Modernization and Reform Act of 2012* (P.L. 112-95), TSA was required to—

- Approve an application when determining that doing so would not compromise security or detrimentally affect the cost-efficiency or effectiveness of passenger and baggage screening at the airport;
- Decide on an application within 120 days of receipt; and
- Provide a written report to the applicant and Congress when rejecting an application, identifying why the application was rejected and recommending how to improve the application for future approval.

Once an application is approved, TSA contracts with a qualified company to provide screening at the airport. According to ATSA, to enter into a contract, TSA must conclude and certify to Congress that the level of screening services and protection will be equal to or greater than the level that Federal screeners provide. TSA considers a private screening company qualified if the company's screening personnel meet all ATSA requirements for Federal screening personnel. The company must provide at least the same level of compensation and benefits to its employees that Federal employees receive.

TSA Federal Security Directors are responsible for overall airport security, provide oversight of screening operations, and ensure effective and efficient security operations. As of January 2013, TSA provided oversight for screening operations at 450 airports, including 16 airports participating in SPP.

TSA developed a process to evaluate airports' SPP applications and award contracts, which TSA senior management approved after we concluded our audit work. According to TSA Office of Security Operations personnel, the application process begins when the Program Management Office (PMO) receives the airport application. The TSA Integrated Project Team analyzes the application and advises the Office of Security Operations Assistant Administrator on the effect of its acceptance on TSA's Federal screening.

The PMO's estimate of the cost of using private screeners at the airport and an Office of Security Operations estimate for using Federal screeners are given to the Integrated Project Team to review. TSA management personnel receive and review both estimates before they are presented to the TSA Administrator, who uses them to decide whether to approve or reject applications. Once approved, the TSA Office of Acquisition begins the procurement process. When an application is rejected, the PMO informs the applicant and Congress about the reasons for rejection and how the applicant might improve the application.

The procurement process includes solicitation, evaluation, selection, and contract award. During solicitation, TSA selects evaluation factors, develops a source selection plan, establishes evaluation standards, holds a pre-proposal conference, and visits and surveys sites. In evaluating proposals, evaluation teams independently review proposals and submit evaluation reports.

Following evaluation, the TSA Source Selection Authority selects a screening company and provides a written selection decision to the contracting officer. Contract award documentation is then finalized and approved.

## SPP Application Process

Prior to passage of the *FAA Modernization and Reform Act of 2012* (2012 Act), ATSA was in effect, and it did not include criteria for TSA in approving SPP applications; TSA could approve any SPP application submitted. Also prior to the 2012 Act, there were no criteria beyond defining a qualified private screening company and how private screeners would be compensated. TSA complied with the requirements of the 2012 Act in approving the five SPP applications submitted after its passage. However, TSA did not ensure that documents related to decisions on these five applications were finalized and accurate. Because decisionmakers rely on the information in this documentation, it should be as accurate and complete as possible.

From 2004 through 2008, TSA approved 19 SPP applications. During 2009 and 2010, five SPP applications were received, but none were approved. In 2011, the TSA Administrator decided that the Component would no longer approve SPP applications unless airports demonstrated “a clear and substantial benefit” to the Federal Government.

Since the 2012 Act was passed, TSA approved five applications, two of which were submitted during 2009 and 2010. Although it approved these five applications, TSA indicated that actual program participation was conditional on private screening providers meeting the Act’s requirements of effective and cost-efficient screening. As of January 2013, 16 airports were participating in SPP, but TSA indicated that it had not yet awarded contracts for these 5 airports.

During our audit, we reviewed applications from the following five airports, which TSA approved since the passage of the 2012 Act:

- Orlando Sanford International Airport (Florida)
- Sacramento International Airport (California)<sup>1</sup>
- Glacier Park International Airport (Montana)
- Bert Mooney Airport (Montana)
- Bozeman Yellowstone International Airport (Montana)

TSA made decisions on these applications within 120 days of receiving them, but TSA’s files included inaccurate documents.<sup>2</sup> For example, 14 of 25 (56 percent) of the documents that TSA used to evaluate these five applications were not finalized. We also identified errors in the documents. For example, we noted the following errors in two separate documents:

- A document included an incorrect figure, which resulted in a \$162,057 overstatement of the cost to use private screeners.
- A document used to compare the estimated cost of private screening to the estimated cost of Federal screening showed TSA understated an estimate of the cost savings of private screening by \$423,572. If the estimate had been correctly stated, the report would have shown a 7 percent increase in maximum potential cost savings from using private screening compared to Federal screening.

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<sup>1</sup> After our audit work was completed, Sacramento International Airport withdrew its SPP application.

<sup>2</sup> Documentation reviewed included cost estimate briefings, integrated project team briefings, SPP application chair briefings, application determination briefings, and decision memorandums.

According to TSA, the errors may have been a result of using information from an earlier application file and not changing all of the required figures to reflect analysis of the new applications. TSA did not have quality control procedures that required a second review of the data in application files to ensure that all required documentation was finalized and accurate. Although in these two cases TSA correctly approved the applications, there is still a risk that inaccurate estimates could lead to incorrect decisions.

In a recent update provided by TSA, there are now 14 airports participating in SPP. Subsequent to the release of our audit report, Lewistown Municipal and Frank Wiley Field Airports opted out of the program. According to TSA, the following 6 airports have been accepted into the program, but TSA has not yet awarded contracts for these airports.

- Orlando Sanford International Airport (Florida)
- Glacier Park International Airport (Montana)
- Bert Mooney Airport (Montana)
- Bozeman Yellowstone International Airport (Montana)
- West Yellowstone (Montana)
- Sarasota Bradenton (Florida)

### **SPP Procurement Process**

From January 2011 to August 2012, when documenting its award decisions on four SPP contracts, TSA did not comply fully with *Federal Acquisition Regulation (FAR)* Section 15.308. Specifically, in this time period, TSA's documentation on proposal evaluations and decisions related to these contract awards was missing details and included inaccuracies. TSA did not formalize and implement procedures to ensure that SPP procurements were fully documented, and it did not have quality control procedures to verify the accuracy of data used for contract decisions. As a result, TSA risks not selecting the best contractor offer and not ensuring that it provides the best screening services.

In four of the five procurement files for contracts awarded between January 2011 and August 2012, the rationale for TSA's final decisions on contractor selection was not fully described in supporting documentation. The DHS source selection guide requires the Source Selection Authority (SAA) to document its rationale separately. The guide further specifies that files should include a decision statement, a brief description of the product or service being procured, a brief description of the basis for the award, a list of competitive offerors, the rationale for business judgments and tradeoffs, and the reason that the selected offeror's proposal is the best overall value to the Federal Government.<sup>3</sup>

Rather than including all of this information, all four files contained a similar short paragraph noting the SSA's decision. For example, in the file for the contract awarded to the Kansas City International Airport, the final decision noted that the SSA had completed an independent review and assessment of the technical and price reports, but did not include other details on the rationale for its decision. According to TSA, the files were missing documentation on the

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<sup>3</sup> A *Practical Guide to Source Selection, Version 1.1*, September 2008.

rationale because staff members believed the final decision documentation met FAR requirements.

In September 2011, a Federal court ruled that TSA could not award a private screening contract to the contractor originally selected for the Kansas City International Airport, and it directed the Component to cancel or amend the solicitation. The Federal court concluded that the TSA SSA's decision did not include documentation on its independent analysis. According to FAR Section 15.308, the SSA may use reports and analyses prepared by others, but its decision shall represent its independent judgment.

Following the 2011 ruling, TSA developed lessons learned to ensure full documentation of its proposal analysis and the rationale for its decisions, as well as the SSA's independence. Although at the time of our audit the lessons learned had not been formalized as policy, TSA began requiring additional documentation to support final source selection decisions. We reviewed documentation for a decision on a contract to provide screening for three airports and confirmed that it included details on the rationale for procurement decisions and on independent analysis.

In reviewing the five contracts awarded between January 2011 and August 2012 for eight airports, we noted data discrepancies in TSA's proposal evaluation documentation.<sup>4</sup> In addition, we reviewed two of eight cost estimates that TSA prepared for the five procurements and identified discrepancies in both cost estimates. Specifically, there were differences in labor hours and overtime rates. Inaccurate cost estimates could affect TSA's evaluation of offerors.

### **Cost Considerations**

Under the 2012 Act, TSA is required to consider cost efficiency in deciding on airports' admission into SPP. However, we were unable to conclude whether TSA was properly considering cost because TSA reported that none of the four SPP applications approved and in progress since the Act's passage had progressed to the contract evaluation phase in which cost would be evaluated.

A January 13, 2013, memorandum approved by the TSA Administrator directed that cost efficiency be evaluated when deciding on an airport's continued participation in SPP. TSA developed and continued to refine a methodology for estimating the cost of converting SPP airports back to screening by TSA personnel, but at that time it had not yet performed the cost determination for any airport in SPP.

The cost estimates consider factors such as labor costs, attrition, real estate costs, and overhead, which are partially based on the costs of using Federal personnel at two comparable airports. As TSA refines the cost estimates, the Component continues to adjust factors that result in several different cost estimates, some of which indicate TSA employee screening would cost more and others in which the contracted screening would cost more. Because different factors may be added and removed from the cost estimates, they do not provide a consistent basis for making decisions on SPP participation.

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<sup>4</sup> One contract covered three airports; another contract covered two airports.

## **OIG Recommendations and TSA Response**

We recommended that TSA expedite developing and implementing procedures to ensure that decisions on SPP applications and procurements were fully documented according to applicable Department and Federal guidance. We also recommended that TSA establish and implement quality assurance procedures to ensure that the most relevant and accurate information is used when determining eligibility and approving airports' participation in SPP.

TSA concurred with both of our recommendations. In its response, TSA noted that our recommendations reflected program enhancements since passage of the 2012 Act, and that it had already made significant progress toward implementing our recommendations.

In December 2012, the TSA Office of Acquisition issued a policy letter, effective January 1, 2013, on SSA appointment and business processes, including a requirement for an independent SSA tradeoff analysis decision. In January 2013, TSA issued a policy reminder on source selection procedures, reiterating that the SSA must independently document its decision. According to the policy reminder, the Contracting Officer also needs to review in detail all source selection documents. On March 4, 2013, TSA revised and approved its SPP application process. Because of these actions, we considered this recommendation resolved and closed.

Early in fiscal year 2013, TSA began to improve quality assurance in application documents and completed part of the work in March 2013, when it finalized the revised application process. In the fall of 2012, the Component had begun including dates on Government cost estimates to track changes more accurately; it expected to finalize a cost estimating process in 2013. The SPP Program Management Office was finalizing a review process, which it planned to complete in 2013, to ensure that all application documents are final and accurate before being used to reach a final determination. For all future procurements, the office would formally confirm or revise the TSA "cost efficiency number" 1 week prior to releasing the Request for Proposals. TSA expected to document and finalize this standard in 2013. We considered TSA's planned corrective actions responsive to the recommendation, which would remain open and resolved until we received documented support that these processes and the standard were finalized. As of January 2014, this recommendation remains open.

We also included responses to the Senators' specific questions in an appendix to this report.

Specifically, the Senators asked whether, in administering SPP, TSA acted outside its own regulations and procedures; taken any actions that exceeded its statutory authority; or otherwise acted improperly, unethically, or unlawfully. In reviewing SPP application and procurement documents and processes and interviewing appropriate personnel, we found no evidence that TSA acted outside its regulations and procedures; exceeded its statutory authority; or acted improperly, unethically, or unlawfully.

The Senators asked whether TSA was not embracing SPP by pressuring airport officials not to participate. We responded that TSA had met the intent of ATSA. The Component implemented SPP and made it available to interested airports, and it had not pressured airport officials to not participate. We conducted telephone interviews with officials from 24 non-SPP airports, none of whom said they were pressured by TSA about the program. Specifically, officials at 20 airports said that they were satisfied with TSA screening at their airports, two had no comment or were

undecided, one airport was not interested in the SPP, and one airport planned to apply to the program. We reviewed documentation for the six airports whose applications to participate in SPP were rejected, including the four that subsequently resubmitted applications. The four airports that reapplied were subsequently accepted. Officials from the two airports that did not reapply said that TSA had not placed undue pressure on them about this decision.

The Senators asked whether TSA had taken full advantage of SPP to advance innovations and best practices in security and management, as well as cultivate positive relationships between screeners and passengers at airports. We replied that TSA had provided information on its web-based tool called the IdeaFactory, which collects information and suggestions from the workforce. SPP contractors can submit suggestions at the TSA website, but the website's terms leave it relatively unclear whether contractors' suggestions made through the website are desired. To develop a more detailed understanding of the process would have required lengthy discussions with SPP participant airports and TSA officials; and to draw a more complete conclusion would have required a review of innovations previously submitted and rejected. Time constraints did not allow the audit team to hold such discussions or review previously submitted innovations.

The Senators asked us to determine whether TSA resisted implementing GAO recommendations to accurately assess the costs of screening at SPP and non-SPP airports. We reviewed TSA's preliminary work and plans for doing so, but could not answer this question until TSA finalized the process. At the time of our audit, the Component was still updating its SPP cost estimate used to compare actual costs for SPP contracts with the costs of federalized screening.

The Senators asked us to determine TSA's rationale for starting the Kansas City International Airport procurement process over. We determined that TSA decided to re-procure the solicitation due to 1) errors in the original Request for Proposals (solicitation), which led to a Federal court ruling and 2) the length of time since TSA had issued the original solicitation. According to the ruling, TSA could either amend the solicitation to correct the price evaluation scheme, notify the sole offerors about the amendment to the solicitation, and engage them in discussions; or re-procure the solicitation.

The Senators inquired about any conflict of interest at Kansas City International Airport with a former TSA employee. TSA procurement files in the Office of Acquisitions at TSA Headquarters did not provide any evidence that the former TSA employee had any influence over the procurement.

## **GAO Report on SPP**

In its December 2012 report, *Screening Partnership Program: TSA Should Issue More Guidance to Airports and Monitor Private versus Federal Screener Performance*, GAO noted that TSA had developed some resources to assist SPP applicants; however, it had not provided guidance to assist airports applying to the program. Consistent with the 2012 Act, TSA's revised SPP application requested that applicants provide information to assist it in determining if their participation in SPP would compromise security or detrimentally affect the cost-efficiency or screening effectiveness of passengers and property at their airport. TSA also developed responses to frequently asked questions and expressed a willingness to help airports needing assistance. However, TSA had not issued guidance for airports on completing applications and

information on how the Component would assess them. Three of five airport operators who applied using the application current at that time said they needed additional guidance to better understand how to respond to the new application questions. With improved guidance, airports could evaluate their candidacy for SPP better.

At the time of the GAO audit, TSA had improved its screener performance measures, but GAO concluded that it could benefit from monitoring private versus Federal screener performance. In April 2012, TSA added measures to better address the strategic goals and mission of screening in its assessments of screener performance at private and Federal airports. However, TSA did not separately monitor private screener and Federal screener performance. It made efforts to monitor screener performance at individual SPP airports, but these efforts did not provide information on SPP performance as a whole or across years, which made it difficult to identify program trends. GAO noted that consistent monitoring of SPP versus non-SPP performance would help ensure that the screening and protection at SPP airports matched or exceeded that at non-SPP airports, and would ensure that SPP airports were operating as intended.

GAO recommended TSA develop guidance for SPP applicants that included 1) TSA's criteria and process for assessing whether SPP participation would compromise security or detrimentally affect screening cost-efficiency or effectiveness; 2) how TSA would obtain and analyze cost information on screening cost-efficiency and effectiveness and the implications of airports not responding to related application questions; and 3) specific examples of additional information airports should consider providing to help TSA assess their suitability for SPP. GAO also recommended that TSA develop a mechanism to regularly monitor private versus Federal screener performance. TSA concurred with both recommendations.

## **Conclusion**

Through our audit, we determined that TSA needed to improve some aspects of its administration of SPP to help avoid the risk of not selecting the best contractor to provide screening services. Because administration includes in-depth examination of airport applications and private contractor offers, which requires detailed calculations and analysis, TSA should ensure that decisionmakers have accurate information. TSA has taken steps to fully document its decisions on SPP applications and procurements and to improve its quality assurance procedures, including cost estimating and application document reviews.

Mr. Chairman, this concludes my prepared statement. I welcome any questions you or other Members of the Subcommittee may have.

**Mark Bell, Acting Assistant Inspector General for Audits  
Department of Homeland Security – Office of Inspector General**

**Mark Bell** currently serves as the Acting Assistant Inspector General for Audits for the Department of Homeland Security, Office of Inspector General. He has been with DHS-OIG since 2007 and also served as the Deputy Assistant Inspector General for Audits and Chief, Audit Operations. Prior to his arrival at DHS, Mark worked at the Department of Interior Office of Inspector General, where he served as Chief of Staff for Audits for 3 years and as a program analyst in the Central Region Office in Denver from 2002 through 2005. From 1992 to 2001, Mark was self employed in the financial services industry and worked as a consultant to Bearing Point. Mark also served over 11 years in the U.S. Army as a tactical communications officer. During his time in the army, Mark spent 8 years overseas and served as a tactical operations officer during Desert Shield/Desert Storm with 93rd Signal Brigade. Mark graduated from the University of New Hampshire with a Bachelor of Science degree in Business Administration. He also holds a Masters in Management from Webster University.



Testimony

Before the Subcommittee on  
Government Operations, Committee on  
Oversight and Government Reform,  
House of Representatives

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For Release on Delivery  
Expected at 10:00 a.m. EST  
Tuesday, January 14, 2014

**SCREENING  
PARTNERSHIP  
PROGRAM**

**TSA Issued Application  
Guidance and Developed a  
Mechanism to Monitor  
Private versus Federal  
Screener Performance**

Statement of Jennifer Grover, Acting Director,  
Homeland Security and Justice

# GAO Highlights

Highlights of [GAO-14-269T](#), testimony before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives

## Why GAO Did This Study

TSA maintains a federal workforce to screen passengers and baggage at the majority of the nation's commercial airports, but it also oversees a workforce of private screeners at airports who participate in the SPP. The SPP allows commercial airports to apply to have screening performed by private screeners, who are to provide a level of screening services and protection that equals or exceeds that of federal screeners. In recent years, TSA's SPP has evolved to incorporate changes in policy and federal law, prompting enhanced interest in measuring screener performance.

This testimony addresses the extent to which TSA (1) has provided guidance to airport operators for the SPP application process and (2) assesses and monitors the performance of private and federal screeners. This statement is based on a report GAO issued in December 2012 and selected updates conducted in January 2014. To conduct the selected updates, GAO reviewed documentation, such as the *SPP Annual Report* issued in January 2013, and interviewed agency officials on the status of implementing GAO's recommendations.

## What GAO Recommends

GAO is making no new recommendations in this statement.

View [GAO-14-269T](#). For more information, contact Jennifer Grover at (202) 512-7141 or [GroverJ@gao.gov](mailto:GroverJ@gao.gov).

January 2014

## SCREENING PARTNERSHIP PROGRAM

### TSA Issued Application Guidance and Developed a Mechanism to Monitor Private versus Federal Screener Performance

## What GAO Found

Since GAO reported on this issue in December 2012, the Transportation Security Administration (TSA) has developed application guidance for airport operators applying to the Screening Partnership Program (SPP). In December 2012, GAO reported that TSA had not provided guidance to airport operators on its application and approval process, which had been revised to reflect requirements in the Federal Aviation Administration Modernization and Reform Act of 2012. Further, airport operators GAO interviewed at the time generally stated that they faced difficulties completing the revised application, such as how to obtain cost information. Therefore, GAO recommended that TSA develop application guidance, and TSA concurred. To address GAO's recommendation, TSA updated its SPP website in December 2012 by providing general application guidance and a description of the criteria and process the agency uses to assess airports' SPP applications. The guidance provides examples of information that airports could consider providing to TSA to help assess their suitability for the program and also outlines how the agency will analyze cost information. The new guidance addresses the intent of GAO's recommendation and should help improve transparency of the SPP application process as well as help airport operators determine whether their airports are good candidates for the SPP.

TSA has also developed a mechanism to regularly monitor private versus federal screener performance. In December 2012, GAO found differences in performance between SPP and non-SPP airports based on its analysis of screener performance data. However, while TSA had conducted or commissioned prior reports comparing the performance of SPP and non-SPP airports, TSA officials stated at the time that they did not plan to conduct similar analyses in the future, and instead stated that they were using across-the-board mechanisms to assess screener performance across all commercial airports. In December 2012, GAO found that these across-the-board mechanisms did not summarize information for the SPP as a whole or across years, which made it difficult to identify changes in private screener performance. GAO concluded that monitoring private screener performance in comparison with federal screener performance was consistent with the statutory provision authorizing TSA to enter into contracts with private screening companies and recommended that TSA develop a mechanism to regularly monitor private versus federal screener performance. TSA concurred with the recommendation. To address GAO's recommendation, in January 2013, TSA issued its first *SPP Annual Report*, which provides an analysis of private versus federal screener performance. Further, in September 2013, a TSA Assistant Administrator signed an operations directive that provides internal guidance for preparing the *SPP Annual Report*, including the requirement that the report annually verify that the level of screening services and protection provided at SPP airports is equal to or greater than the level that would be provided by federal screeners. These actions address the intent of GAO's recommendation and could assist TSA in identifying performance changes that could lead to improvements in the program.

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Chairman Mica, Ranking Member Connolly, and Members of the Subcommittee:

I appreciate the opportunity to discuss our work on the Transportation Security Administration's (TSA) Screening Partnership Program (SPP). TSA, a component of the Department of Homeland Security (DHS), is responsible for ensuring the security of the traveling public through, among other things, screening passengers traveling by aircraft for explosives and other prohibited items. To fulfill this responsibility, TSA maintains a federal workforce of screeners at a majority of the nation's commercial airports, but also oversees a smaller workforce of private screeners employed by companies under contract to TSA at airports that participate in TSA's SPP.<sup>1</sup> The SPP, established in 2004 in accordance with provisions of the Aviation Transportation Security Act (ATSA), allows commercial airports an opportunity to "opt out" of federal screening by applying to TSA to have private screeners perform the screening function.<sup>2</sup> At airports with private screeners, TSA continues to be responsible for overseeing airport screening operations and ensuring that the private contractors provide effective and efficient security operations in a manner consistent with law and other TSA requirements; however, the screening of passengers and baggage at these airports is performed by private screening contractors selected and approved by TSA.<sup>3</sup> As of January 2014, there are 14 airports participating in the SPP, as well as 6

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<sup>1</sup>For purposes of this report, a "commercial airport" is any airport in the United States that operates pursuant to a TSA-approved security program in accordance with 49 C.F.R. pt. 1542 and at which TSA performs or oversees the performance of screening services, of which there are approximately 450 as of November 2013. We refer to airports that are participating in the SPP as SPP airports and the screeners in those airports as private screeners. We refer to airports not participating in the SPP as non-SPP airports and the screeners in those airports as federal screeners.

<sup>2</sup>See Pub. L. No. 107-71, § 108, 115 Stat. 597, 611-13 (2001) (codified as amended at 49 U.S.C. §§ 44919-20). TSA established the SPP in 2004 after concluding a 2-year pilot program through which four private screening companies performed screening operations at 5 commercial airports (one contractor served 2 airports).

<sup>3</sup>The SPP contractor's responsibilities include recruiting, assessing, and training screening personnel to provide security screening functions in accordance with TSA regulations, policies, and procedures. SPP contractors are also expected to take operational direction from TSA to help ensure they meet the terms and conditions of the contract.

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airports approved for participation and awaiting the selection of a screening contractor.<sup>4</sup>

The standard by which TSA evaluates airport applications for participation in the SPP has changed since the program's inception in 2004. First, in January 2011, the TSA Administrator announced his decision not to expand the SPP beyond the 16 airports that were participating in the program at that time "unless a clear and substantial advantage to do so emerges in the future." In so doing, the Administrator cited his interest in helping the agency evolve into a "more agile, high-performing organization that can meet the security threats of today and the future" as the reason for his decision. Of the 6 airports that submitted applications from March 2009 through January 2012 and that were evaluated under the "clear and substantial advantage" standard, TSA approved the application of 1 airport and denied the applications of the other 5. Second, according to TSA officials, the Federal Aviation Administration Modernization and Reform Act of 2012 (FAA Modernization Act), enacted in February 2012, prompted TSA to change the standard by which it evaluates SPP applications and requires, among other things, that the TSA Administrator approve an SPP application submitted by an airport operator if the Administrator determines that the approval would not compromise security or detrimentally affect the cost-efficiency or the effectiveness of the screening of passengers or property at the airport.<sup>5</sup>

My testimony today addresses the extent to which TSA (1) has provided guidance to airport operators for the SPP application process and (2) assesses and monitors the performance of private and federal screeners. This statement is based on our December 2012 report and selected

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<sup>4</sup>According to TSA, in July 2013, the Department of Transportation ended the Essential Air Service subsidy to two of the SPP airports in eastern Montana. The loss of the subsidy resulted in the discontinuation of air service to and from those airports that required the implementation of TSA-required screening measures. Therefore, the total number of airports in the SPP was reduced from 16 to 14. Between January and August 2012, TSA approved the applications of six airports. One of these airports, Sacramento International Airport, CA, withdrew its application in January 2013. Sarasota-Bradenton International Airport, FL submitted its application for participation to the SPP in February 2013 and was approved for participation in May 2013, bringing the total number of airports approved for participation and awaiting selection of a screening contractor back to six.

<sup>5</sup>See Pub. L. No. 112-95, § 830(a), 126 Stat. 11, 135 (2012) (codified at 49 U.S.C. § 44920(b)). The term airport operator means a person that operates a "commercial airport," as that term is used in this report. See also 49 C.F.R. § 1540.5 (defining the term "airport operator").

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updates on the status of recommendations made in our December 2012 report.<sup>6</sup> For our December 2012 report, we analyzed past and current SPP application forms and instructions and interviewed airport operators, screeners, SPP contractors, SPP applicants, TSA headquarters officials, and Federal Security Directors (FSD).<sup>7</sup> We also compared TSA's process for reviewing applications and monitoring performance of private and federal screeners against Standards for Internal Control in the Federal Government to determine if any improvements were needed.<sup>8</sup> To determine how screener performance compares at SPP and non-SPP airports, we compared screener performance for the 16 SPP airports that were participating in the SPP at that time to the average performance of other airports in their category, as well as nationally, from fiscal year 2009 through 2011.<sup>9</sup> More detailed information on the scope and methodology appears in our December 2012 report. To update our work, we obtained related documentation, such as the *SPP Annual Report* issued in January 2013, and interviewed agency officials in January 2014 on progress made to implement the recommendations from our December 2012 report related to application guidance and monitoring of private versus federal screener performance. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>6</sup>GAO, *Screening Partnership Program: TSA Should Issue More Guidance to Airports and Monitor Private versus Federal Screener Performance*, [GAO-13-208](#) (Washington, D.C.: Dec. 6, 2012).

<sup>7</sup>FSDs are TSA officials that provide day-to-day operational direction for security operations at the airports within their jurisdiction, including those participating in the SPP.

<sup>8</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

<sup>9</sup>TSA classifies commercial airports in the United States into one of five security risk categories (X, I, II, III, and IV) based on various factors, such as the total number of takeoffs and landings annually, and other special security considerations. In general, category X airports have the largest number of passenger boardings, and category IV airports have the smallest.

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## Background

On November 19, 2002, pursuant to ATSA, TSA began a 2-year pilot program at 5 airports using private screening companies to screen passengers and checked baggage.<sup>10</sup> In 2004, at the completion of the pilot program, and in accordance with ATSA, TSA established the SPP, whereby any airport authority, whether involved in the pilot or not, could request a transition from federal screeners to private, contracted screeners. All of the 5 pilot airports that applied were approved to continue as part of the SPP, and since its establishment, 21 additional airport applications have been accepted by the SPP.<sup>11</sup>

In March 2012, TSA revised the SPP application to reflect requirements of the FAA Modernization Act, enacted in February 2012.<sup>12</sup> Among other provisions, the act provides that

- Not later than 120 days after the date of receipt of an SPP application submitted by an airport operator, the TSA Administrator must approve or deny the application.
- The TSA Administrator shall approve an application if approval would not (1) compromise security, (2) detrimentally affect the cost-efficiency of the screening of passengers or property at the airport, or (3) detrimentally affect the effectiveness of the screening of passengers or property at the airport.
- Within 60 days of a denial, TSA must provide the airport operator, as well as the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security of the House of Representatives, a written report that sets forth the findings that

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<sup>10</sup>See 49 U.S.C. § 44919. The pilot program was to assess the feasibility of having qualified private screening companies provide airport security screening services in lieu of federal screeners. The following airports from each security risk category were selected to participate: (1) San Francisco International Airport—category X, (2) Kansas City International Airport—category I, (3) Greater Rochester International Airport—category II (now a category I airport), (4) Jackson Hole Airport—category III, and (5) Tupelo Regional Airport—category IV.

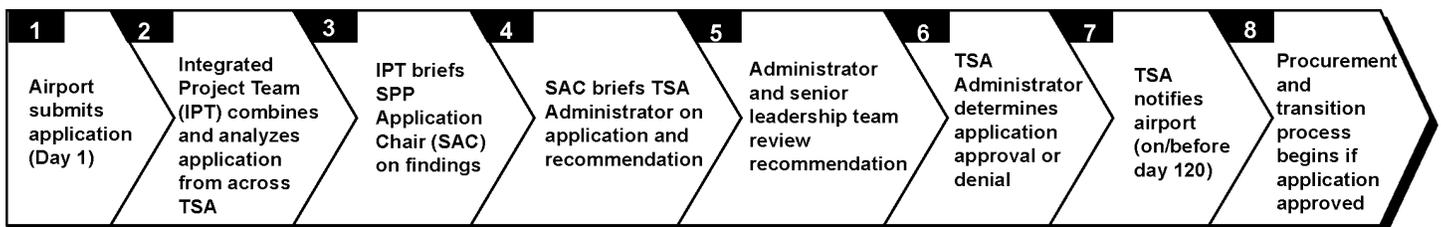
<sup>11</sup>A total of 26 airports have been approved to the SPP since its inception in 2004, including the 14 airports currently participating in the SPP and the 6 airports approved for participation and awaiting the selection of a screening contractor. Of the remaining 6 approved airports, 4 airports had participated in the SPP but left the program after commercial air service was discontinued at the airport and 2 withdrew their applications after being approved. For more information on the history of application to the SPP, see [GAO-13-208](#).

<sup>12</sup>See generally Pub. L. No. 112-95, § 803, 126 Stat. at 135-36.

served as the basis of the denial, the results of any cost or security analysis conducted in considering the application, and recommendations on how the airport operator can address the reasons for denial.

All commercial airports are eligible to apply to the SPP. To apply, an airport operator must complete the SPP application and submit it to the SPP Program Management Office (PMO), as well as to the FSD for its airport, by mail, fax, or e-mail. Figure 1 illustrates the SPP application process.

**Figure 1: Transportation Security Administration’s (TSA) Screening Partnership Program (SPP) Application Process**



Source: GAO analysis of TSA information.

Note: The IPT is made up of TSA staff from various offices across TSA, including offices related to human capital, information technology, security capabilities, and acquisitions.

Although TSA provides all airports with the opportunity to apply for participation in the SPP, authority to approve or deny the application resides in the discretion of the TSA Administrator. According to TSA officials, in addition to the cost-efficiency and effectiveness considerations mandated by FAA Modernization Act, there are many other factors that are weighed in considering an airport’s application for SPP participation. For example, the potential impacts of any upcoming projects at the airport are considered. Once an airport is approved for SPP participation and a private screening contractor has been selected by TSA, the contract screening workforce assumes responsibility for screening passengers and their property and is required to adhere to the same security regulations, standard operating procedures, and other TSA security requirements followed by federal screeners at non-SPP airports.

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## TSA Has Developed Program Application Guidance to Help Improve Transparency of Its Process and Assist Airports in Completing their Applications

Since our December 2012 report, TSA has developed guidance to assist airport operators in completing their SPP applications, as we recommended. In December 2012, we reported that TSA had developed some resources to assist SPP applicants, but it had not provided guidance on its application and approval process to assist airports. As the application process was originally implemented in 2004, the SPP application process required only that an interested airport operator submit an application stating its intention to opt out of federal screening as well as its reasons for wanting to do so. In 2011, TSA revised its SPP application to reflect the “clear and substantial advantage” standard announced by the Administrator in January 2011. Specifically, TSA requested that the applicant explain how private screening at the airport would provide a clear and substantial advantage to TSA’s security operations.<sup>13</sup> At that time, TSA did not provide written guidance to airports to assist them in understanding what would constitute a “clear and substantial advantage to TSA security operations” or TSA’s basis for determining whether an airport had met that standard.

As previously noted, in March 2012 TSA again revised the SPP application in accordance with provisions of the FAA Modernization Act, which became law in February 2012. Among other things, the revised application no longer included the “clear and substantial advantage” question, but instead included questions that requested applicants to discuss how participating in the SPP would not compromise security at the airport and to identify potential areas where cost savings or efficiencies may be realized. In December 2012, we reported that while TSA provided general instructions for filling out the SPP application as well as responses to frequently asked questions (FAQ), the agency had not issued guidance to assist airports with completing the revised application nor explained to airports how it would evaluate applications given the changes brought about by the FAA Modernization Act. For example, neither the application instructions or the FAQs addressed TSA’s SPP application evaluation process or its basis for determining whether an airport’s entry into the SPP would compromise security or affect cost-efficiency and effectiveness.

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<sup>13</sup>For more on the specific wording of this and other questions from the application, see [GAO-13-208](#).

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Further, we found that airport operators who completed the applications generally stated that they faced difficulties in doing so and that additional guidance would have been helpful.<sup>14</sup> For example, one operator stated that he needed cost information to help demonstrate that his airport's participation in the SPP would not detrimentally affect the cost-efficiency of the screening of passengers or property at the airport and that he believed not presenting this information would be detrimental to his airport's application. However, TSA officials at the time said that airports do not need to provide this information to TSA because, as part of the application evaluation process, TSA conducts a detailed cost analysis using historical cost data from SPP and non-SPP airports. The absence of cost and other information in an individual airport's application, TSA officials noted, would not materially affect the TSA Administrator's decision on an SPP application.

Therefore, we reported in December 2012 that while TSA had approved all applications submitted since enactment of the FAA Modernization Act, it was hard to determine how many more airports, if any, would have applied to the program had TSA provided application guidance and information to improve transparency of the SPP application process. Specifically, we reported that in the absence of such application guidance and information, it may be difficult for airport officials to evaluate whether their airports are good candidates for the SPP or determine what criteria TSA uses to accept and approve airports' SPP applications. Further, we concluded that clear guidance for applying to the SPP could improve the transparency of the application process and help ensure that the existing application process is implemented in a consistent and uniform manner. Thus, we recommended that TSA develop guidance that clearly (1) states the criteria and process that TSA is using to assess whether participation in the SPP would compromise security or detrimentally affect the cost-efficiency or the effectiveness of the screening of passengers or property at the airport, (2) states how TSA will obtain and analyze cost information

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<sup>14</sup>For our December 2012 report, we interviewed 4 of the 5 airport operators that applied to the SPP since TSA revised its application after enactment of the FAA Modernization Act. All 5 of the applications were subsequently approved by TSA. We reported that 3 of the 4 operators we interviewed struggled to answer the application questions related to the cost-efficiency of converting to the SPP because they did not have data on federal screening costs, while the fourth airport operator did not need additional information or guidance to respond to the question. Further, 3 of the 4 airport operators we interviewed said that additional guidance would have been helpful in completing the application and determining how TSA evaluates the applications. See [GAO-13-208](#) for more information.

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regarding screening cost-efficiency and effectiveness and the implications of not responding to the related application questions, and (3) provides specific examples of additional information airports should consider providing to TSA to help assess an airport's suitability for the SPP.

TSA concurred with our recommendation and has taken actions to address it. Specifically, TSA updated its SPP website in December 2012 by providing (1) general guidance to assist airports with completing the SPP application and (2) a description of the criteria and process the agency will use to assess airports' applications to participate in the SPP. While the guidance states that TSA has no specific expectations of the information an airport could provide that may be pertinent to its application, it provides some examples of information TSA has found useful and that airports could consider providing to TSA to help assess their suitability for the program. Further, the guidance, in combination with the description of the SPP application evaluation process, outlines how TSA plans to analyze and use cost information regarding screening cost-efficiency and effectiveness. The guidance also states that providing cost information is optional and that not providing such information will not affect the application decision. We believe that these actions address the intent of our recommendation and should help improve transparency of the SPP application process as well as help airport officials determine whether their airports are good candidates for the SPP.

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Performance between  
SPP and Non-SPP  
Airports Varied; TSA  
Recently Developed a  
Mechanism to  
Monitor Private  
versus Federal  
Screener  
Performance

**Performance Varied between SPP and Non-SPP Airports for Some Measures, but Differences Cannot Be Entirely Attributed to the Use of Private or Federal Screeners**

In our December 2012 report, we analyzed screener performance data for four measures and found that there were differences in performance between SPP and non-SPP airports, and those differences could not be exclusively attributed to the use of either federal or private screeners. The four measures we selected to compare screener performance at SPP and non-SPP airports were Threat Image Projection (TIP) detection rates, recertification pass rates, Aviation Security Assessment Program (ASAP) test results, and Presence, Advisement, Communication, and Execution (PACE) evaluation results (see table 1). For each of these four measures, we compared the performance of each of the 16 airports then participating in the SPP with the average performance for each airport’s category (X, I, II, III, or IV), as well as the national performance averages for all airports for fiscal years 2009 through 2011.<sup>15</sup>

**Table 1: Performance Measures Used to Compare Screener Performance at Screening Partnership Program (SPP) and Non-SPP Airports, December 2012**

<b>Performance measure</b>	<b>Description</b>
Threat Image Projection (TIP) detection rates	TIPs are fictional threat images (guns, knives, improvised explosive devices, etc.) superimposed onto carry-on baggage as it passes through the X-ray machine. While screening carry-on baggage, screeners identify that a potential threat has been spotted by selecting a “threat” button. If the identified image is a TIP, the X-ray machine informs the screener that the threat was fictional. Otherwise, a screener will search the bag, as the threat object may be real.
Recertification pass rates	In order to maintain their certification to screen passengers and baggage, all screeners (at both SPP and non-SPP airports) must pass several recertification tests on an annual basis. These tests include assessments of threat detection skills on carry-on and checked baggage X-ray machines as well as role-playing scenarios to assess other job functions, such as physical bag searches, pat-downs, and screening passengers with disabilities.
Aviation Security Assessment Program (ASAP) tests results	ASAP tests are covert performance assessments conducted at both screening checkpoints and checked baggage screening areas. Tests are implemented locally by unrecognizable role players who attempt to pass standard test items, such as knives, guns, or simulated improvised explosive devices, through the screening checkpoints or checked baggage screening areas.
Presence, Advisement, Communications, and Execution (PACE) evaluations	PACE evaluations are used to assess screener performance on various elements that may affect security and a passenger’s overall traveling experience. PACE evaluators visit a checkpoint covertly and assess the screening personnel on a variety of elements, such as whether the officers provide comprehensive instruction and engage passengers in a calm and respectful manner when screening. Because PACE evaluations began as a baseline assessment program in fiscal year 2011 and had only been implemented only at category X, I, and II airports, our analysis for this measure was limited to the 6 SPP airports in those categories during fiscal year 2011. <sup>a</sup>

Source: GAO analysis of TSA information.

<sup>15</sup> Additional information on these performance measures and how we selected them can be found in our December 2012 report. See GAO-13-208.

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<sup>a</sup>The six category X, I, and II SPP airports in fiscal year 2011 are San Francisco International Airport (X), Kansas City International Airport (I), Greater Rochester International Airport (I), Key West International Airport (II), Joe Foss Field (II), and Jackson Hole Airport (II).

As we reported in December 2012, on the basis of our analyses, we found that, generally, certain SPP airports performed slightly above the airport category and national averages for some measures, while others performed slightly below. For example, SPP airports performed above their respective airport category averages for recertification pass rates in the majority of instances, while the majority of SPP airports that took PACE evaluations in 2011 performed below their airport category averages.<sup>16</sup> For TIP detection rates, SPP airports performed above their respective airport category averages in about half of the instances. However, we also reported in December 2012 that the differences we observed in private and federal screener performance cannot be entirely attributed to the type of screeners at an airport, because, according to TSA officials and other subject matter experts, many factors, some of which cannot be controlled for, affect screener performance. These factors include, but are not limited to, checkpoint layout, airline schedules, seasonal changes in travel volume, and type of traveler.<sup>17</sup>

We also reported in December 2012 that TSA collects data on several other performance measures but, for various reasons, the data cannot be used to compare private and federal screener performance for the purposes of our review. For example, passenger wait time data could not be used because we found that TSA's policy for collecting wait times changed during the time period of our analyses and that these data were not collected in a consistent manner across all airports.<sup>18</sup> We also

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<sup>16</sup>For recertification pass rates, the term "instance" means performance by an airport during a particular year or fiscal year, while for TIP detection rates, the term means performance by an airport during a particular fiscal year for a specific type of screening machine.

<sup>17</sup>DHS deemed the details of our analyses of the four performance measures we used for comparing SPP with non-SPP screener performance as classified or sensitive security information; thus, these details are not included in this testimony.

<sup>18</sup>TSA's policy for measuring wait time changed in March 2010. Instead of collecting precise wait times every hour, TSA began only recording instances in which the wait time was more than 20 or 30 minutes. Further, through our site visits conducted for the December 2012 report, we learned that airports collect wait time data in different ways. For example, some airports calculate the wait time from the end of the queue until the passenger reaches the travel document checker podium; other airports calculate the time from the end of the line until the passenger passes through the walkthrough metal detector after being screened or the advanced imaging technology. See [GAO-13-208](#).

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considered reviewing human capital measures such as attrition, absenteeism, and injury rates, but did not analyze these data because TSA's Office of Human Capital does not collect these data for SPP airports. We reported that while the contractors collect and report this information to the SPP PMO, TSA does not validate the accuracy of the self-reported data nor does it require contractors to use the same human capital measures as TSA, and accordingly, differences may exist in how the metrics are defined and how the data are collected. Therefore, we found that TSA could not guarantee that a comparison of SPP and non-SPP airports on these human capital metrics would be an equal comparison.

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### TSA Has Developed a Mechanism to Monitor Private Screener Performance Separately from the Performance of Federal Screeners

Since our December 2012 report, TSA has developed a mechanism to regularly monitor private versus federal screener performance, as we recommended. In December 2012, we reported that while TSA monitored screener performance at all airports, the agency did not monitor private screener performance separately from federal screener performance or conduct regular reviews comparing the performance of SPP and non-SPP airports. Beginning in April 2012, TSA introduced a new set of performance measures to assess screener performance at all airports (both SPP and non-SPP) in its Office of Security Operations Executive Scorecard (the Scorecard). Officials told us at the time of our December 2012 review that they provided the Scorecard to FSDs every 2 weeks to assist the FSDs with tracking performance against stated goals and with determining how performance of the airports under their jurisdiction compared with national averages.<sup>19</sup> According to TSA, the 10 measures used in the Scorecard were selected based on input from FSDs and regional directors on the performance measures that most adequately reflected screener and airport performance.<sup>20</sup> Performance measures in

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<sup>19</sup>Although FSDs provide day-to-day operational direction for security operations at the airports within their jurisdiction, including those participating in the SPP; FSDs have responsibility for overall security at SPP airports but do not have direct control over workforce management. Rather, the SPP contractor is contractually obligated to effectively and efficiently manage its screening workforce.

<sup>20</sup>Prior to the Scorecard, from 2006 through April 2012, FSDs used three performance measures in the Management Objective Report (MOR) to assess screener and airport performance. The MOR included three measures that assessed screener performance, including TIP detection rates, Advanced Imaging Technology checkpoint utilization, and layered security effectiveness. For more on these performance measures, see [GAO-13-208](#).

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the Scorecard included the TIP detection rate, and the number of negative and positive customer contacts made to the TSA Contact Center through e-mails or phone calls per 100,000 passengers screened, among others.<sup>21</sup>

We also reported in December 2012 that TSA had conducted or commissioned prior reports comparing the cost and performance of SPP and non-SPP airports. For example, in 2004 and 2007, TSA commissioned reports prepared by private consultants, while in 2008 the agency issued its own report comparing the performance of SPP and non-SPP airports.<sup>22</sup> Generally, these reports found that SPP airports performed at a level equal to or better than non-SPP airports. However, TSA officials stated at the time that they did not plan to conduct similar analyses in the future, and instead, they were using across-the-board mechanisms of both private and federal screeners, such as the Scorecard, to assess screener performance across all commercial airports.

In addition to using the Scorecard, we found that TSA conducted monthly contractor performance management reviews (PMR) at each SPP airport to assess the contractor's performance against the standards set in each SPP contract. The PMRs included 10 performance measures, including some of the same measures included in the Scorecard, such as TIP detection rates and recertification pass rates, for which TSA establishes acceptable quality levels of performance. Failure to meet the acceptable quality levels of performance could result in corrective actions or termination of the contract.

However, as we reported in December 2012, the Scorecard and PMR did not provide a complete picture of screener performance at SPP airports because, while both mechanisms provided a snapshot of private screener

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<sup>21</sup>The TSA Contact Center handles these customer contacts for all of TSA, not only those related to passenger and baggage screening. For more on the Scorecard performance measures, see [GAO-13-208](#).

<sup>22</sup>Bearing Point, Inc, *Private Screening Operations Performance Evaluation Report* (Apr. 16, 2004); Catapult Consultants, LLC, *Private Screening Operations: Business Case Analysis, Transportation Security Administration, Screening Partnership Program* (Arlington: VA: Dec.14, 2007); and TSA, *A Report on SPP Airport Cost and Performance Analysis and Comparison to Business Case Analysis Finding* (Arlington, VA: Feb. 1, 2008).

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performance at each SPP airport, this information was not summarized for the SPP as a whole or across years, which made it difficult to identify changes in performance. Further, neither the Scorecard nor the PMR provided information on performance in prior years or controlled for variables that TSA officials explained to us were important when comparing private and federal screener performance, such as the type of X-ray machine used for TIP detection rates. We concluded that monitoring private screener performance in comparison with federal screener performance was consistent with the statutory requirement that TSA enter into a contract with a private screening company only if the Administrator determines and certifies to Congress that the level of screening services and protection provided at an airport under a contract will be equal to or greater than the level that would be provided at the airport by federal government personnel.<sup>23</sup> Therefore, we recommended that TSA develop a mechanism to regularly monitor private versus federal screener performance, which would better position the agency to know whether the level of screening services and protection provided at SPP airports continues to be equal to or greater than the level provided at non-SPP airports.

TSA concurred with our recommendation, and has taken actions to address it. Specifically, in January 2013, TSA issued its first *SPP Annual Report*. The report highlights the accomplishments of the SPP during fiscal year 2012 and provides an overview and discussion of private versus federal screener cost and performance. The report also describes the criteria TSA used to select certain performance measures and reasons why other measures were not selected for its comparison of private and federal screener performance. The report compares the performance of SPP airports with the average performance of airports in their respective category, as well as the average performance for all airports, for three performance measures: TIP detection rates, recertification pass rates, and PACE evaluation results. Further, in September 2013, the TSA Assistant Administrator for Security Operations signed an operations directive that provides internal guidance for preparing the *SPP Annual Report*, including the requirement that the SPP PMO must annually verify that the level of screening services and protection provided at SPP airports is equal to or greater than the level

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<sup>23</sup>See 49 U.S.C. § 44920(d) (providing further that private screening companies must be owned and controlled by a citizen of the United States, subject to a waiver of this requirement by the TSA Administrator in certain circumstances).

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that would be provided by federal screeners. We believe that these actions address the intent of our recommendation and should better position TSA to determine whether the level of screening services and protection provided at SPP airports continues to be equal to or greater than the level provided at non-SPP airports. Further, these actions could also assist TSA in identifying performance changes that could lead to improvements in the program and inform decision making regarding potential expansion of the SPP.

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Chairman Mica, Ranking Member Connolly, and members of the subcommittee, this completes my prepared statement. I would be happy to respond to any questions you may have at this time.

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## GAO Contact and Staff Acknowledgments

For questions about this statement, please contact Jennifer Grover at (202) 512-7141 or [GroverJ@gao.gov](mailto:GroverJ@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement include Glenn Davis (Assistant Director), Stanley Kostyla, Brendan Kretzschmar, Thomas Lombardi, Erin O'Brien, and Jessica Orr. Key contributors for the previous work that this testimony is based on are listed in the product.

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