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**BEFORE THE**

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**SUBCOMMITTEE ON AVIATION**

**U.S. HOUSE OF REPRESENTATIVES**

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Mr. Chairman, Members of the Subcommittee: I am pleased to appear before you today, to discuss the Department of Homeland Security, Office of Inspector General's review of the Transportation Security Administration's (TSA) pilot passenger and baggage screening program.

On November 19, 2001, the President signed the Aviation and Transportation Security Act (ATSA) that created TSA. ATSA required TSA to assume control of security screening at all national airports in the United States. ATSA also required TSA to implement a two-year private security screening pilot program designed to determine whether, with proper government supervision and controls, private contract screening companies could provide and maintain passenger screening performance levels and protection equal to or greater than the TSA federal screener workforce. On October 10, 2002, TSA awarded four pilot program contracts covering five different sized airports, including San Francisco International (Covenant Aviation Services), Kansas City International (International Total Services, subsequently renamed First Line Security), Greater Rochester International (McNeil Technologies), Jackson Hole Airport (Jackson Hole Airport Board), and Tupelo Airport (Covenant Aviation Services). The pilot program began at the five airports on November 19, 2002 and is scheduled to end November 2004.

OIG evaluated the pilot airport program with specific emphasis on (1) the effects of TSA's role in recruiting, hiring, deploying, and training screeners; and, (2) TSA's oversight of the pilot program, including steps taken by TSA to monitor program operations, and measure and evaluate contractor performance.

OIG found that there is not a sufficient basis at this time to determine conclusively whether the pilot airport screeners performed at a level equal to or greater than that of the federal screeners. Available data from limited covert testing suggest they performed about the same, which is to say, equally poorly; however, this result was not unexpected, considering the degree of TSA involvement in hiring, deploying, and training the pilot screeners. TSA needs to develop measurable criteria to evaluate both contractor and federal screeners properly. In addition, TSA's tight controls over the pilot program restricted flexibility and innovation that the contractors may have implemented to perform at levels exceeding that of the federal workforce. TSA needs to establish a more robust pilot program that allows greater flexibility to test new innovations and approaches. OIG has discussed these conclusions with TSA officials, and will be submitting a formal draft report for TSA's comments shortly.

### **Measurability of Pilot Program**

TSA had not developed or implemented adequate guidance to monitor, measure, and evaluate the results of the pilot program contractors' screening performance. In addition, specific program standards and performance goals were never developed in order to compare private screener performance against the federal screener workforce. On October 1, 2003, a contract was issued to Bearing Point to address some of these issues.

Without specific program standards to measure achievement, the pilot program cannot be adequately evaluated against the federal screening program.

Further, the lack of central monitoring and management of the pilot program by TSA resulted in different guidance being provided to the individual pilot program airport contractors, and the contractors interpreting the guidance differently. This resulted in operational differences relating to the issues of screener testing, use of training coordinators, and the promotion process, further complicating comparisons of pilot program and federal screeners.

To evaluate the pilot program's effectiveness, TSA needs specific screener performance goals to measure against. When asked, TSA pilot program officials were unable to identify any specific pilot program performance goals or identify where the pilot program was supposed to be at the end of the two-year timeframe.

### **TSA's Level of Involvement**

TSA chose to have a high level of involvement in the pilot program presumably to ensure that the pilot airport screeners would operate at a level at least equal to screeners at federalized airports. Unfortunately, as OIG as well as TSA penetration tests have shown, the performance of screeners at both federalized and pilot airports needs improvement. Moreover, TSA's level of involvement generally eliminated any role the contractors may have played in improving the program.

### **Hiring Limitations**

The inability to independently hire screeners left pilot program contractors totally dependent on TSA to obtain their initial workforce and to backfill any vacancies caused by attrition, or meet peak period needs, during the first year of the contract. As a consequence, the pilot program contractors could not effectively and immediately address problems with high attrition levels, understaffing, excessive overtime, and employee morale issues.

### **Hiring Shortages**

Shortly after the pilot program began, Covenant and First Line Security experienced high levels of attrition. However, due to the high rejection rate of screener applicants, they depleted their pools of eligible candidates during the initial hiring phase, and were unable to backfill the positions as they became vacant in the San Francisco and Kansas City airports, respectively. As a result, the two contractors were understaffed and incurred large amounts of overtime. According to contractor officials, because of the shortage, screeners were unable to take their requested time off, which led to job dissatisfaction. Additionally, due to the extended periods of overtime hours the possibility exists that the ability of the screeners to detect threat items was diminished.

The staffing shortage at Kansas City Airport was so severe that, to meet the minimum staffing requirements and to ensure airport screening security, TSA temporarily deployed 68 federal screeners to 2 passenger checkpoints and 3 baggage screening areas. The federal screeners were deployed to the Kansas City Airport for two months, costing TSA over \$1 million. Thus, TSA's role in alleviating the staffing shortage prevents drawing any firm conclusions as to how private contractors would independently handle such staffing shortages. This becomes especially important if in the future numerous airports are allowed to hire private contractors and the pool of federal screeners is not available to fall back on during staffing shortages and other ways of solving shortage problems have not been considered and tested.

The Jackson Hole Airport contractor was affected by seasonal work requirements not accounted for by the TSA staffing model. The airport has two periods during the year with a high influx of passengers that greatly increase the number of screeners needed. During the slow periods of the year, Jackson Hole laid off screeners. When Jackson Hole attempted to rehire the screeners for its peak season, the screeners had already found employment elsewhere. Therefore, Jackson Hole was unable to fill the vacant positions until TSA opened an assessment center that is used to screen and select from available applicants.

Jackson Hole faced difficulty in getting TSA to open an assessment center for its peak season. After extensive requests from Jackson Hole, TSA opened an assessment center barely in time to meet the airport's high season needs. Had the pilot program contractor been able to perform its own hiring, as with most government contracts, Jackson Hole stated that they would have started the hiring process much sooner and would have hired and trained new screeners well before the additional staffing needs arose.

### **Applicant Screening**

The TSA assessment process prevented Covenant from hiring applicants whom they believed were qualified to be screeners. During the second round of screener recruitment, Covenant pre-screened all the applicants prior to sending them to the TSA assessment center. The pre-screening process included interviews with screener supervisors and human resource personnel. In addition, the contractor conducted drug, English aptitude, and threat image recognition tests.

The contractor and airport level TSA officials believed that the contractor's pre-screening process would increase the assessment pass rate for the pre-screened applicants. Specifically, the contracting officials stated they would have hired the 225 applicants they pre-screened, which would have resulted in more than enough qualified screeners to fill 100 part-time screener positions. However, only 70 (31 percent) passed the TSA assessment process. After the second round of recruitment, the contractor was still 30 part-time screeners short of its optimum staffing level. The contractor had to wait for future TSA initiated assessment centers before it could attempt to fill the remaining vacant positions.

First Line Security also pre-screened its second round screener applicants prior to sending them to the TSA assessment center. Unlike Covenant's detailed pre-screening process, this contractor basically verified applicants' U.S. citizenship and high school diploma or general equivalency diploma. Of the 900 pre-screened applicants they pre-approved, only 323 (36 percent) passed the TSA assessment process.

According to San Francisco TSA and Covenant officials, the assessment pass rates for the two contractor's pre-screened applicants almost mirrored the previous average pass rate of 30 percent, when little, if any, applicant prescreening, was performed. In attempts to improve the applicant pre-screening process, airport level TSA and contractor officials requested the TSA hiring criteria for screeners from TSA headquarters. TSA headquarters would not provide contractors and local TSA officials the information or allow them to independently process and hire their own applicants.

### **Staffing Limitations**

In addition to the inability to hire screeners when needed, pilot program contractors were unable to staff screeners efficiently according to the airports' varying workload demands or to select employees who were best suited for the screener positions.

### **Staffing Levels**

The pilot program contractors were restricted in the number of screeners they could hire, which was limited to the TSA staffing models. TSA established the staffing models in general terms, and TSA did not take into account each airport's unique factors, such as the Jackson Hole Airport seasonal passenger load requirements and the indirect screeners' requirements, such as training, leave, and other indirect hours for all the contracts. Consequently, although Jackson Hole and Covenant hired the maximum number of screeners TSA approved, the two pilot program contractors believed they needed additional screeners to achieve optimum performance.

Furthermore, although the TSA pilot contract award press release and the pilot program contracts stated a requirement for baggage screening, TSA did not include the authorizations for baggage screeners in the initial hiring or staff level. Because pilot program contractors were required to provide checked baggage screening, screeners were deployed to perform baggage screening duties even though they were hired as passenger screeners.

### **Part-time Screeners**

Due to the constraints of the initial TSA staffing model, Covenant believed it was not allowed to hire part-time screeners. With only full-time screeners available, Covenant did not have the flexibility to adjust staffing levels to accommodate the airport's peak and slow periods, resulting in excessive downtime during the slow periods and excessive overtime during the peak periods. After recognizing the need to optimize staffing by accommodating airports' varying passenger loads, TSA began hiring part-time screeners

at national airports and approved Covenant to hire part-time screeners to backfill its continued attrition in July 2003. On the other hand, three pilot program contractors hired part-time screeners since the beginning of the pilot program. During discussions with the TSA program manager in June 2003, he was uncertain of whether pilot program contractors were allowed to hire part-time screeners. However, initial TSA job announcements for airport security screeners advertised part-time screener positions at federally screened national airports as early as June 2002 and at one pilot program airport in July 2002.

### **Supervisory Positions**

Based on screener applicants' test results, the assessment center categorized the eligible applicants as "screeners," "lead screeners," or "screener supervisors." As a result, the pilot program contractors hired the screeners and supervisors accordingly. However, in many cases the applicants selected as supervisors did not have the proper supervisory training or experience to meet the needs of the position. The lack of proper supervisory training issue was also supported by a recent TSA study on passenger screener performance improvement<sup>1</sup>.

This issue became particularly troublesome for Jackson Hole who interpreted the pilot contract to allow the hiring or promotion only of candidates who initially qualified as "supervisors." Consequently, the pilot program contractor strictly hired and promoted supervisors based on their initially assessed screener category. The other three pilot program contractors, on the other hand, promoted screeners based on their ability or potential to supervise or their previous supervisory experience in screening.

### **Training Limitations**

Because TSA also controlled and approved all the training for screeners, pilot program contractors were not able to meet their training needs in a timely or efficient manner.

### **Cross Training**

TSA did not provide the initially hired screeners training in both passenger and checked baggage screening, which was preferred by pilot program contractors to provide flexibility in staffing. Instead, TSA provided only passenger screening training to those hired as passenger screeners, and checked baggage screening training to those hired as baggage screeners. As a result, pilot program contractors did not have the ability to cross-utilize the screeners in both screening areas when needed. Additional training for the baggage screeners had to occur during normal daily operations.

To attain staffing flexibility, pilot program contractors, with approval from local TSA, cross-trained passenger screeners in checked baggage screening on their own. After recognizing that cross-training screeners would allow optimum usage of screeners, local

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<sup>1</sup> *Passenger Screener Performance Improvement Study - Performance Analysis Final Report, July 2003.*

TSA worked in conjunction with pilot program contractors to cross-train new screeners in both screening areas after the initial training, if necessary. In June 2003, TSA began providing new screeners training in both passenger and checked baggage screening at one pilot program airport. According to the TSA program manager, although not currently available, TSA plans to implement dual initial training at all airports, including pilot airports, as soon as possible.

### **Training Differences**

Inconsistent training also resulted in the inability to cross-utilize screeners. Covenant discovered that screener performance was inconsistent throughout the airport. In the pilot program contracting official's opinion, the inconsistent screening performance resulted from training differences received during the initial TSA on-the-job training process. Consequently, the pilot program contractor was unable to deploy screeners throughout the airport until they performed the screening procedures in the same manner.

### **Training Standards**

Although TSA believes that ongoing training is critical to maintaining and enhancing screener skills, TSA did not provide, or fully develop, or set the standards for sufficient recurrent, remedial, and supervisory training to ensure that screeners are effectively trained and supervised. Comprehensive and frequent training are the key to screeners' ability to detect threat objects. In addition, studies have shown that ongoing training can lead to more effective performance and lower turnover rates. Rather than waiting for TSA to develop the screener training modules, pilot program contractors, with the approval of local TSA, officials eventually developed and implemented their own recurrent and supervisory training courses to meet their daily training needs. Moreover, to address TSA penetration test failures immediately, pilot program contractors also provided their own remedial training to screeners who failed the penetration tests. TSA still needs to develop the standards and objectives of security training so that all screeners receive appropriate security and supervisory training.

According to the GAO report on airport passenger screening, TSA planned to deploy the first of six recurrent training modules to all airports beginning in October 2003. Additionally, TSA is currently sending screener supervisors to the basic United States Department of Agriculture supervisor's course until TSA develops its own training for supervisors. TSA expects to implement the screener supervisory training in April 2004.

### **Training Restrictions**

TSA restricted pilot program contractors from providing covert testing of screeners as part of screener training. Pilot program contractors believe that covert testing is the best way to detect training weaknesses and to measure screener performance. However, TSA prohibited the pilot program contractors from covert testing because discovery of the fake threat objects might cause panic among the screeners and passengers. However, with the

approval of local TSA officials, First Line Security performed covert testing as part of screeners training beginning June 2003. A TSA official at that airport told OIG they requested permission from TSA headquarters but received no reply, so they approved it locally. Until recently, only TSA headquarters performed the official covert testing of screeners, and that occurred about once a year.

TSA required screeners to receive three hours of computer-based-training per week. However, TSA provided only one training software package for identifying threat images and did not update the software with new images. As a result, screeners eventually memorized the threat images after a short period of time, thus rendering the training software ineffective. To provide screeners with continued effective training, pilot program contractors wanted the flexibility to purchase alternative training materials when necessary. However, TSA controlled the dissemination of training materials. Further, the pilot program contracts training budget did not include funds for training software.

Although two pilot program contractors hired in-house training personnel to address and administer screener training specifically, TSA prohibited the two other pilot program contractors from hiring in-house training coordinators. TSA believed that in-house training coordinators would be unnecessary, as they would duplicate the efforts of the regional TSA training coordinators for these two pilot program airports. Additionally, when asked by airport level TSA regional training coordinator why the pilot program airport could not have a training coordinator, TSA headquarters personnel stated that all the pilot program contracts had to be the same. As a result, these pilot program contractors delegated one screening supervisor to act as the supplemental training officer in addition to performing normal screening duties. The two pilot program contractors are therefore dependent on TSA to address their daily training needs.

### **TSA Management/Oversight**

TSA's management and oversight of the pilot program was generally decentralized, and program and operational issues had to be routed through numerous divisions within TSA in order to be researched, discussed, and approved. When contractors and local TSA officials needed decisions and/or direction, they had difficulty getting headquarters officials to respond. Some local TSA and contractor officials found it easier, and less frustrating under the circumstances, to make their own decisions rather than seeking headquarters approval or guidance, leading to inconsistencies among pilot airport program management.

This decentralized managing and monitoring resulted in the four pilot program contractors interpreting program guidelines differently, or receiving different guidance from TSA on similar issues. This led to the types of inconsistencies among the pilot program contractor operations noted above.

According to the TSA program manager, TSA did not routinely monitor the pilot program at the headquarters level. Instead TSA relied on the airport Federal Security Director's (FSD) for monitoring. It is the TSA FSDs' responsibility to inform

headquarters of any unusual contractor practices. TSA headquarters is primarily involved in developing policy on such issues as hiring and training. However, one problem identified with this management structure was that headquarters was not aware of the operational differences occurring at each pilot program airport. When asked how these operational differences occurred, the program manager stated there has not been any formal reporting process from the Federal Security Director to the program manager. Some TSA airport officials stated it was much easier just to make their own decisions rather than contact headquarters.

Some TSA airport level staffers discussed their frustrations dealing with headquarters. The complaints ranged from TSA headquarters being non-responsive to giving inaccurate guidance relating to contracts and training. For example, one of the main conflicts related to whether it was TSA or the pilot program contractor who was responsible for providing recurrent training. In a reply to airport officials, a TSA headquarters official admitted that program management turnover with the contracting officer and program manager positions contributed to these problems. However, the official emphasized these positions have stabilized and recent improvements have been made to the program to improve efficiency and oversight.

### **Pilot Program Reorganization**

During this audit, TSA has taken steps to improve the monitoring and oversight of the pilot program. On June 9, 2003 TSA announced that numerous changes were being made to the pilot program structure following a meeting of the leadership council on performance evaluation. One of the major changes in this structure allows the program office, which includes the program manager, to have greater influence relating to program evaluation, strategy and general management. The new structure also created an advisory board that contains external experts from industry and academia. One role of the advisory board is to provide external guidance and evaluate the program. Although the structural changes began to occur in June 2003, operational improvements were just beginning to take shape in November 2003.

On September 25, 2003 TSA implemented other positive management and oversight changes to the pilot program. Important changes included changing the organizational structure for the determination of the pilot program award fee and giving the program manager more responsibility in evaluating the pilot program contractors' performance. Prior to this date, the fee-determining official for the contract award fee was the acquisition airport operations division director. However, the Office of Acquisition is primarily involved in administering contracts and typically have minimal or no involvement with developing program objectives and goals, setting performance criteria, or running day-to-day operations of a program. The position was changed to the deputy assistant administrator, aviation operations, which is in a closer oversight position to evaluate overall contractor performance and operations.

Under the current program manager, pilot program contractors have said that there have been noticeable improvements in the pilot program in recent months. These

improvements relate to closer TSA headquarters involvement and more timely answers to contractor questions. Additionally, program communication has been strengthened between TSA headquarters and airport level personnel by having more meetings to discuss pilot program strategy and working together to solve the different problems facing the pilot airports.

Mr. Chairman, this concludes my remarks. I will be pleased to answer any questions you or the members may have.

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