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June 10, 2015

The Honorable John Hoeven
Chairman
The Honorable Jeanne Shaheen
Ranking Member
Subcommittee on Homeland Security
Committee on Appropriations
United States Senate

The Honorable John Carter
Chairman
The Honorable Lucille Roybal-Allard
Ranking Member
Subcommittee on Homeland Security
Committee on Appropriations
House of Representatives

Screening Partnership Program: TSA's Cost and Performance Independent Study

Every day, approximately 1.8 million passengers travel through U.S. commercial airports.[1] As the U.S. agency with primary responsibility for civil aviation security, the Department of Homeland Security's (DHS) Transportation Security Administration (TSA) takes action to ensure the security of such passengers through, among other things, the screening of passengers and baggage traveling by aircraft.[2] To fulfill this responsibility, TSA maintains a federal workforce of screeners at a majority of the nation's commercial airports and oversees a smaller workforce of private screeners employed by companies under contract to TSA at airports that participate in TSA's Screening Partnership Program (SPP). 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.[3]

[1]For purposes of this report, the term "commercial airport" includes all airports in the United States at which TSA performs or oversees the performance of security screening activities.

[2]See generally Pub. L. No. 107-71, 115 Stat. 597 (2001); see also 49 U.S.C. §§ 114, 44901.

[3]See 49 U.S.C. § 44920. In November 2002, in accordance with the ATSA, TSA began a 2-year pilot program at five airports using private screening companies to screen passengers and checked baggage. See 49 U.S.C. § 44919. TSA subsequently established the SPP in November 2004.

The Explanatory Statement accompanying the Consolidated Appropriations Act, 2014, directed TSA to allocate resources for an independent study (the Study) of the performance of screening at federalized airports (non-SPP airports) in comparison with the performance of screening at privatized airports under the SPP program (SPP airports).[4] Specifically, the Study was to include, but was not limited to, security effectiveness, cost, throughput, wait times, management efficiencies, and customer satisfaction. TSA awarded a contract to conduct an independent study, which was completed in November 2014. The Study's cost assessment concluded that, in general, the cost estimates for non-SPP screeners are higher for larger airports, whereas cost estimates for SPP screeners are generally higher for smaller airports.[5] In addition, the Study concluded that contractors provide wages and benefits to SPP screeners that are comparable to those available to non-SPP screeners. The Study's performance assessment of available data on security effectiveness, throughput, wait times, customer satisfaction, and management efficiencies concluded that SPP airports compared with non-SPP airports in aggregate and at the program level are generally operating at the same level of performance.

The Explanatory Statement accompanying the Consolidated Appropriations Act, 2014, further provided that GAO shall brief the committees on the strengths and weaknesses of the independent study TSA funded on the performance of screening at non-SPP airports compared with screening at SPP airports.[6] On April 14, 2015, we briefed the committees (see enc. I for an updated copy of the briefing) on our findings. In this report, we present findings on (1) the strengths and limitations of the independent study's comparison of the estimated cost of screening at SPP and non-SPP airports and (2) the strengths and limitations of the independent study's comparison of the performance of screeners at SPP and non-SPP airports.

To determine the strengths and limitations of the Study's assessment of the costs of operating SPP and non-SPP airports, we compared the Study's methodological approach against best practices we identified in GAO's *Cost Estimating and Assessment Guide*.[7] To determine the strengths and limitations of the Study's assessment of the performance at SPP and non-SPP airports, we compared the Study's methodological approach against generally accepted research standards related to study design, measurement, analysis, and reporting.[8] The strengths and limitations included are limited to the information provided in the Study based on the criteria we applied.

We conducted this performance audit from February 2015 through May 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and

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[4]See 160 Cong. Rec. H475, H931 (daily ed. Jan. 15, 2014) (explanatory statement), accompanying Pub. L. No. 113-76, 128 Stat. 5 (2014). See also S. Rpt. No. 113-77, at 59-60 (2013).

[5]The Study included a cost assessment to provide screening at SPP airports and the estimated cost if the same services were conducted under the federal model at these SPP airports. 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, the extent of passenger screening at the airport, and other security considerations. In general, category X airports have the largest number of passenger boardings, and category IV airports have the smallest.

[6]Specifically, GAO was to brief the Senate Appropriations Subcommittee on the Department of Homeland Security and the House Appropriations Subcommittee on Homeland Security.

[7]GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009).

[8]GAO, *Designing Evaluations: 2012 Revision,* GAO-12-208G (Washington, D.C.: Jan. 31, 2012) and other social science methodological research.

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.

In summary, the Study's comparison of the costs of providing screening services at SPP and non-SPP airports has some strengths, such as comparing costs consistently between SPP and non-SPP airports. However, based on our comparison of the Study against best practices, our analysis suggests that the Study's cost assessment has limitations that affect its accuracy and credibility. For example, to develop 5-year estimates, the Study uses data from a single year (fiscal year 2013), which do not account for variables that can change from year to year such as staffing and wages. (see enc. I for additional details).

The Study's comparison of the performance of screeners at SPP and screeners at non-SPP airports has some strengths, such as recognizing the challenge of assessing performance across unique airports. However, based on generally accepted research standards, our analysis suggests that the Study's performance comparison has limitations that affect the ability to draw conclusions that are supported by the data analysis. For example, the Study draws conclusions for all airports studied based on an analysis in which data were not available for many airports (see enc. I for additional details).

We are not making any recommendations in this report.

Agency Comments and Third-Party Comments and Our Evaluation

We provided a draft of this report to the Secretary of Homeland Security and the contractor that conducted the study for their review and comment. In an e-mail received May 27, 2015, the DHS Liaison stated that DHS did not have any comments on the report, nor did TSA have any technical comments. However, DHS provided technical comments from the contractor that conducted the study. In general, the contractor's comments indicated that our draft report did not include some of the study's strengths and disagreed with some of the limitations we identified. See enclosure I for details on the strengths and limitations we identified. Given the substantive nature of these comments, we summarize the contractor's comments below.

In commenting on the draft report, the contractor identified, as examples, practices in GAO's *Cost Estimating and Assessment Guide* that it stated were strengths of the Study but were not included in our report.[9] The contractor noted that cost estimates should include all costs and be independent of funding sources and appropriations. We agree and our report lists the Study's inclusion of other federal costs in addition to costs that TSA incurs in its cost estimates as a strength of the Study. The contractor also noted the Study's use of an Engineering Build-Up Method as a strength that was not included in our report. While this methodological choice was reasonable, it is not considered a strength since the *Cost Guide* discusses several methodologies that can be used to develop cost estimates.

The contractor also disagreed with four of the limitations we identified.

- First, the contractor indicated that the Study's cost analysis used the most current cost data available at the time the analysis was performed. We disagree. While the Study relied on fiscal year 2013 data for estimates on which it based its conclusions, it also used partial year data for fiscal year 2014 for other purposes in the Study.
- Second, the contractor noted that the Study established a quantifiable analysis that allows for the assessment of the variability of the point estimate. The contractor also identified the inclusion of an uncertainty analysis as a strength of the Study not included in our report. While the Study included a risk and uncertainty assessment, we did not consider this analysis by itself to be a strength because it does not allow for a quantifiable confidence level for each specific airport being examined, consistent with best practices.
- Third, the contractor noted that it could not account for policies and procedures implemented by TSA in its assessment because there was not enough cost data available. We agree and this is noted as a limitation of the Study in our report.
- Finally, the contractor indicated that several internal management reviews were conducted prior to providing TSA with the final study. While the Study indicated that the contractor established processes that allowed review of the data, methodologies, analyses, and conclusions, there was no documentation that showed management approved of or reviewed the assumptions that were used to develop the estimates, a practice consistent with the cost guide.

[9]GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009).

In commenting on the draft report, the contractor indicated that the Study's performance comparison had additional strengths included in *GAO's Designing Evaluations* which were not included in our report.[10] As examples, the contractor pointed to two steps included in GAO's guide that it considered strengths. The contractor noted that GAO's guide states that discussing evaluation plans with agency as well as congressional stakeholders is important throughout the design process, since they have a direct interest in and ability to act on the Study's findings. We recognize that the Study indicates that the contractor discussed the evaluation plan with the agency, consistent with the guide, and that it is an important step. Additionally, the contractor noted that the guidance states that in selecting sources of evidence to answer the evaluation question, the evaluator must assess whether these sources will provide evidence that is both sufficient and appropriate to support findings and conclusions on the evaluation question. While the Study discusses steps taken to understand and evaluate the selected TSA data, we do not consider this a strength because the Study's conclusions regarding screener performance were based on incomplete performance data.

The contractor also provided comments that disagreed with three limitations of the Study's performance comparison:

- First, the contractor noted that the Study determined the screener performance data were reasonably complete and accurate for analysis. According to the contractor, the Study relied on the existing data collected by TSA in 2013 and took reasonable measures to determine their completeness and accuracy. However, we maintain that while the Study assessed the validity and reliability of the data, the evaluation ultimately analyzed outcomes where data were inconsistent or missing. As described in the report, the Study identified inconsistencies in how data on wait times were collected but did not adjust its methods or conclusions to account for the inconsistencies.

- Second, the contractor noted that the Study's comparison of each SPP airport to its five most similar non-SPP airports allowed for more meaningful conclusions than combining data for all SPP airports and all non-SPP airports. We recognize that this analytical approach better isolates the effect of the unique SPP airport characteristics. However, only comparing individual SPP airports to a selected set of non-SPP airports one at a time does not allow for estimating this controlled effect across the target population of SPP airports. Further analysis that aggregates the individual controlled estimates is necessary to evaluate the overall effect.
- Finally, the contractor noted that the Study's performance conclusions were linked to the results and the conclusions were only based on analyses for which data were available for certain airports and performance categories. We agree that the Study's use of a comparison group is a valid approach. However, we maintain that the Study made general conclusions about the overall effects of the SPP program—that the performance of SPP airports was "on par" with the performance of non-SPP airports—without aggregating these controlled comparisons for each SPP airport, as discussed above. In addition, the Study's general conclusions reflected comparisons of screener performance in categories with incomplete data. Therefore, we continue to find that the Study's conclusion that, in aggregate, SPP and non-SPP airports are performing similarly across all categories assessed is not supported by the Study's results and does not include the appropriate caveats to address limitations.

[10]GAO, *Designing Evaluations: 2012 Revision,* GAO-12-208G (Washington, D.C.: Jan. 31, 2012).

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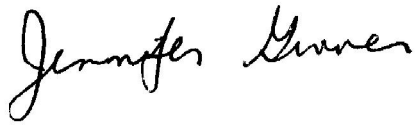
We are sending copies of this report to the Secretary of Homeland Security; the appropriate congressional committees; and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff members have any questions concerning this report, please contact me at (202) 512-7141 or GroverJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure II.



Jennifer A. Grover
Director, Homeland Security and Justice

Enclosures–2

Enclosure I

Briefing on Screening Partnership Program: TSA's Cost and Performance Independent Study

[Refer to accessible PDF of Briefing slides, "d15612R_508_slides.pdf"]

Enclosure II

GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact listed above, key contributors to this report were Glenn Davis (Assistant Director), Charles Bausell, Amanda Goolden, Kevin Heinz, Susan Hsu, Brandon Jones, Jason Lee, Jennifer Leotta, Brian J. Lipman, Thomas Lombardi, Amanda Miller, and Jeff M. Tessin.

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