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BACKGROUNDER

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Time to Privatize the TSA

David Inserra

Abstract

The Transportation Security Administration (TSA) model is costly and unwisely makes the TSA both the regulator and regulated organization responsible for screening operations. With President Trump promising to shrink federal bureaucracies and bring private-sector know-how to government programs, the TSA is ripe for reform. The U.S. should look to the private models in Canada and Europe of providing aviation screening manpower to lower TSA costs while maintaining the security that the U.S. needs. Privatizing the TSA would result in savings that could be reinvested in more effective homeland security programs that need the additional funding.

The Transportation Security Administration (TSA) is responsible for screening passengers and cargo on flights originating in the U.S. It is not only establishes screening and security regulations, but also for managing manpower and technology in airport screening lines. With President Trump promising to shrink federal bureaucracies and bring private-sector know-how to government programs, the TSA is ripe for reform. With a budget of almost $7.5 billion in fiscal year (FY) 2016, the TSA has taken a completely government-run approach to aviation security.

However, the U.S. can (and should) look to other models. Canada and most of Europe do not have government-employed screening personnel.[1] The U.S. does allow airports to opt out of TSA-run screening through the Screening Partnership Program (SPP), but barriers to using the program have prevented its wider adoption.

The U.S. should look to the private models in Canada and Europe of providing aviation screening manpower to lower TSA costs while

Key Points

- The Transportation Security Administration's provision of aviation security has not lived up to expectations. Despite large increases in aviation security funding since 9/11, the TSA still struggles to provide effective, efficient, and traveler friendly screening services.
- In recent years, Canada's system of private screeners spent around 40 percent less per capita and about 15 percent less per traveler on aviation security.
- The U.S. also has an effective and less costly alternative in use at 21 airports called the Screening Partnership Program that substitutes private screeners under TSA oversight in place of TSA screeners.
- Congress should refocus the TSA on security regulations and oversight. The TSA's focus should be on ensuring security standards are being met and heading off threats.

This paper, in its entirety, can be found at **http://report.heritage.org/bg3120**

The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400 | heritage.org

maintaining the security that the U.S. needs. After 9/11, the U.S. needed to do something to secure the skies, but the TSA model chosen by the government is costly and unwisely makes the TSA both the regulator and regulated organization responsible for screening operations. Privatizing the TSA would result in savings that could be reinvested in more effective homeland security programs that need the additional funding and could also improve security across the U.S.

Aviation Security and 9/11

Prior to 9/11, airlines were responsible for the screening of passengers and cargo, contracting out this responsibility to private security companies. Small knives, including boxcutters, were legal on planes, and guests were able to easily go with travelers right to the gate. The security that was in place was managed by the Federal Aviation Administration and paid for directly by airports and airlines.[2]

The terrorist attacks of 9/11 changed all of that.

- On November 19, 2001, President George W. Bush signed into law the Aviation and Transportation Security Act that established the TSA to prevent threats to aircraft as well as other parts of the U.S. transportation network.
- On November 25, 2002, the Homeland Security Act was signed into law and folded the TSA into the Department of Homeland Security (DHS).

While Congress chose to create a federal aviation security agency to run all elements of aviation security, a debate existed at the time as to whether the screening workforce itself should be federalized. In October 2001, the Senate unanimously passed the Aviation and Transportation Security Act that called for a federal screening workforce that would operate under federal guidelines. However, President Bush and much of the House of Representatives favored a more limited federal role for the federal government, with airport screeners falling under federal supervision and regulation but without having to be federal workers.[3] Federalization won out, with a small concession that created a pilot program—the SPP—to allow airports to opt out of the federal screening workforce.[4]

Challenges Facing the TSA

The TSA's provision of aviation security has not lived up to expectations. Despite large increases in aviation security funding since 9/11, the TSA still struggles to provide effective, efficient, and traveler friendly screening services. In 2015, the results of an inspector general (IG) "red team" test of TSA screening were leaked, revealing that the team had been able to slip 67 of 70 weapons past TSA screeners.[5] The IG also criticized the TSA for everything from personnel training and management to equipment maintenance and acquisitions programs.[6]

The TSA has also struggled to efficiently manage security checkpoints. In spring 2016, airports across the country experienced long wait times that had some airports openly contemplating alternative options to the TSA. The TSA managed this problem in part by hiring more officers, paying more in overtime, expanding trusted traveler programs, and leaning on security contractors hired by airlines.[7]

1. Shirley Ybarra, "Overhauling U.S. Airport Security," The Reason Foundation, July 2013, http://reason.org/files/overhauling_airport_security.pdf (accessed May 11, 2017).
2. Garrick Blalock, Vrinda Kadiyali, and Daniel H. Simon, "The Impact of Post-9/11 Airport Security Measures on the Demand for Air Travel," *Journal of Law and Economics*, Vol. 50 (2007), http://blalock.dyson.cornell.edu/wp/JLE_6301.pdf (accessed May 11, 2017).
3. Major Garrett, "White House Pushes Hard for Airline Security Bill," CNN, October 25, 2001, http://www.cnn.com/2001/US/10/25/rec.airline.security/ (accessed May 11, 2017), and Ybarra, "Overhauling U.S. Airport Security."
4. Name redacted, "Selected Aviation Security Legislation in the Aftermath of the September 11 Attack," Congressional Research Service, *Report for Congress* No. 31150, December 14, 2001, https://www.everycrsreport.com/files/20011214_RL31150_72e165f4a0cd60a15a6917ea6538236d97f45516.pdf (accessed May 11, 2017).
5. Justin Fishel, Pierre Thomas, Mike Levine, and Jack Date, "EXCLUSIVE: Undercover DHS Tests Find Security Failures at US Airports," ABC News, June 1, 2015, http://abcnews.go.com/US/exclusive-undercover-dhs-tests-find-widespread-security-failures/story?id=31434881 (accessed May 11, 2017).
6. John Roth, Inspector General for the Department of Homeland Security, "Transportation Security: Are Our Airports Safe?" testimony before the Committee on Oversight and Government Reform, U.S. House of Representatives, May 13, 2015, https://www.oig.dhs.gov/assets/TM/2015/OIGtm_JR_051315.pdf (accessed May 11, 2017).

Even as these overtime and additional workers temporarily alleviate the problem, they indicate the struggle the TSA faces to appropriately manage its workforce and keep costs down.

Other analysts also point out that the TSA's very model cuts against fundamental rules of good governance. The TSA is the regulator for aviation security, determining what is and what is not allowed on planes, procedures and requirements that screeners must undertake, and how and when technology and physical searches will be used. On the other hand, the TSA is also the screener that must comply with these regulations. As Reason Foundation transportation expert Robert W. Poole, Jr., testified to Congress:

> [The] TSA regulates itself. Arm's-length regulation is a basic good-government principle; self-regulation is inherently problematic. First, no matter how dedicated TSA leaders and managers are, the natural tendency of any large organization is to defend itself against outside criticism and to make its image as positive as possible. And that raises questions about whether TSA is as rigorous about dealing with performance problems with its own workforce as it is with those that it regulates at arm's length, such as airlines and airports.[8]

With a budget of $7.44 billion in FY 2016 dedicated almost entirely to aviation security, the TSA is the fourth-largest component of the DHS, with a smaller budget than the U.S. Coast Guard but larger than Immigration and Customs Enforcement. If checkpoint screening operations were handled more efficiently, a great deal of funding could become available to help fund other more pressing homeland security priorities. Savings could even be reinvested in transportation security to deal with emerging security issues, such as the current concern over explosives being placed inside electronic devices that prompted the so-called laptop ban from airports in the Middle East.[9]

Aviation Security Alternatives

Thankfully, the U.S. has alternatives to the current government-centric model. Canada and most of Europe use private screeners, according to research by the Reason Foundation. (See Table 1.)[10]

Given the widespread use of private screening forces, U.S. policymakers would be wise to look at how these alternatives could be implemented in the U.S.

Screening Partnership Program. The U.S. already has an effective and less costly alternative in the Screening Partnership Program that substitutes private screeners with TSA oversight in place of TSA screeners. Created as a concession to those who did not want to fully federalize the screening workforce, the SPP allows airports to opt out of federal screening so long as they can show that private screening will not cost more, compromise security, or harm the effectiveness of screening.[11]

Despite its potential benefits and the TSA's shortcomings, the SPP has had a rocky implementation, having been suspended by the Obama Administration before Congress restored it.[12] As of April 2017, 21 airports were participating in the SPP.[13] Productivity, cost, and security are just three of the multiple reasons why U.S. airports are using the SPP.

- **Productivity.** A case study by the House Transportation and Infrastructure Committee in 2011 found that SPP screening at San Francisco International Airport was as much as 65 percent more efficient than federal screening at Los

7. Kathryn Vasel, "The TSA is Hiring: Here's What You Need to Know," CNN Money, May 20, 2016, http://money.cnn.com/2016/05/20/pf/tsa-jobs-hiring/ (accessed May 11, 2017), an Bart Jansen, "TSA Asks Congress to Pay for Overtime to Shorten Lines," *USA Today*, May 5, 2016, https://www.usatoday.com/story/news/2016/05/04/tsa-asks-congress-overtime-shorten-lines/83917826/ (accessed May 11, 2017).
8. Robert W. Poole, Jr., "Rethinking Airport Screening Policy," testimony before the Subcommittee on Transportation Security, Committee on Homeland Security, U.S. House of Representatives, July 10, 2012, https://homeland.house.gov/files/Testimony%20Poole.pdf (accessed May 11, 2017).
9. David Inserra, "Top Three Things DHS Should Consider Regarding the Laptop Ban," Heritage Foundation *Issue Brief* No. 4711, June 1, 2017, http://www.heritage.org/homeland-security/report/top-three-things-dhs-should-consider-regarding-the-laptop-ban.
10. Ybarra, "Overhauling U.S. Airport Security."
11. U.S. Department of Homeland Security, Transportation Security Administration, "Screening Partnership Program," https://www.tsa.gov/for-industry/screening-partnerships (accessed May 11, 2017).
12. Mike M. Ahlers and Jeanne Meserve, "TSA Shuts Door on Private Airport Screening Program," CNN, January 29, 2011, http://www.cnn.com/2011/TRAVEL/01/29/tsa.private/ (accessed May 11, 2017).
13. U.S. Department of Homeland Security, Transportation Security Administration, "Screening Partnership Program."

TABLE 1

Few European Airports Use Government Airport Screeners

Country	Airports	Screening Provider
Albania	Tirana	Contract
Austria	Vienna	Self-provide
Austria	Graz, Innsbruck, Klagenfurt, Linz, Salzburg	Contract
Belgium	Antwerp, Brussels, Charleroi, Liege, Ostend	Contract
Bulgaria	Sofia, Varna	Government
Croatia	Brac, Dubrovnik	Contract
Czech Republic	Prague	Self-provide
Denmark	Copenhagen	Self-provide
Estonia	Tallinn	Contract
Finland	Helsinki, Kittila, Oulu, Rovaniemi, Tampere, Turku, Vassa	Contract
France	Bordeaux, Lyon, Marseille, Nantes, Nice, Paris CDG, Paris Orly, Toulouse	Contract
Germany	Frankfurt, Hahn, Nuremberg, Munich	Self-provide/contract
Germany	Berline, Cologne, Dusseldorf, Hamburg, Hannover, Lubeck, Stuttgart	Contract
Greece	Athens, Cofu, Rhodes, Thessaloniki, regionals	Contract
Hungary	Budapest	Self-provide
Iceland	Keflavik	Self-provide
Ireland	Cork, Dublin, Knock, Shannon	Self-provide
Italy	Milan, Rome	Self-provide
Italy	Florence, small airports	Contract
Latvia	Riga	Self-provide
Lithuania	Vilnius	Self-provide
Malta	Malta	Self-provide/contract
Netherlands	Amsterdam, Rotterdam	Contract
Norway	Bergan, Bodo, Oslo, Trondheim, 42 others	Contract
Poland	Cracow, Poznan, Warsaw, 9 others	Government
Portugal	Azores, Faro, Lisbon, Madeira, Porto	Contract
Romania	Bucharest	Government
Russia	Moscow Domodedovo and Sherementvevo, St. Petersburg	Self-provide
Serbia	Belgrade	Self-provide
Slovenia	Ljubjana	Contract
Spain	46 AENA airports including Barcelona, Madrid, Malaga, Seville, Valencia	Contract
Sweden	Arlanda, Bromma, Malmo	Contract
Switzerland	Zurich	Government
Switzerland	Geneva	Self-provide/contract
United Kingdom	Edinburgh, Glasgow, Manchester, London LGW, London LHR, London STN	Self-provide
United Kingdom	Doncaster, Durham, Liverpool, London City	Contract

SOURCE: Shirley Ybarra, "Overhauling U.S. Airport Security Screening," Reason Foundation *Policy Brief* 109, July 2013, Table 1, http://reason.org/files/overhauling_airport_security.pdf (accessed May 26, 2017).

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Angeles.[14] One reason for this productivity gap could be the higher level of attrition in the TSA than in private screening companies. A related factor in productivity could be better staffing measures, ranging from more flexibility in day-to-day scheduling to more efficient hiring and union practices. Beyond pure efficiency, SPP airports also report improved customer service.

- **Cost.** A more productive and efficiently handled workforce with lower levels of attrition is less expensive to maintain and operate. Although TSA studies found SPP programs to be costlier than government screening, these studies were widely criticized, including by the Government Accountability Office (GAO), for flawed methodologies. When some of these flaws were corrected, the TSA found SPP and government screening to be nearly equal in cost.[15] Furthermore, the House Transportation and Infrastructure Committee study found that when considerations, such as increases in productivity, were accounted for, San Francisco's SPP model could save Los Angeles and other major airports 42 percent of their screening costs.[16] With smaller overhead costs and lower levels of attrition, the SPP is likely a financial boon for most airports.

- **Security.** Nearly every study undertaken has found that private screeners, while no silver bullet solution, are at least as good as, if not better than, government screeners at detecting security threats.[17] It is also worth considering that if a private contractor fails to provide adequate security, perhaps by failing a red team test, the contractor can be easily replaced. The same cannot be said of the TSA.

However, the process for joining and renewing an SPP contract remains mired in bureaucracy. Rather than an airport determining the best way to provide screening within TSA regulations, the TSA micromanages the SPP, selecting a screening contractor for each SPP airport.[18] An inherent problem in moving to the SPP is the TSA's apparent conflict of interest created by self-regulation.[19] If an airport wants to switch to the SPP program, hundreds of unionized TSA workers will lose their jobs to private screeners. Since the TSA is both regulator and screening workforce, the TSA regulators have worked in the past to stop the SPP from growing. While there is some hope that reform-minded leaders installed by President Trump and Homeland Security Secretary John Kelly in the TSA might be able to break this roadblock, the natural tendency of any government agency is to protect its own.

One way to privatize airport screening would be to simply expand the SPP. The TSA would cease micromanaging screening contracts, and airports would be responsible for hiring contractors or even self-providing security that is capable of meeting the standards set by the TSA. The TSA would focus on setting those standards, oversight, intelligence, and staying ahead of the threats to aviation. The process of moving to private screeners could involve a gradual transition from the TSA to private screeners. The transition could be based on airports that volunteer or by region or size of airport.

Canada. After 9/11, Canada saw that it also needed to change the way it provided aviation security. Rather than move to a purely federal screening model, though, Canada went with a public-private partnership model in which the government establishes rules for aviation security while a government

14. Report, *TSA Ignores More Cost-Effective Screening Model*, Committee on Transportation and Infrastructure, U.S. House of Representatives, June 3, 2011, http://archives.republicans.transportation.house.gov/Media/file/112th/Aviation/2011-06-03-TSA_SPP_Report.pdf (accessed May 8, 2017).
15. Stephen M. Lord, Director, Homeland Security and Justice Issues, "Aviation Security: TSA's Revised Cost Comparison Provides a More Reasonable Basis for Comparing the Costs of Private-Sector and TSA Screeners," letter to Representative John L. Mica and Representative Daniel E. Lungren, March 4, 2011, http://www.gao.gov/new.items/d11375r.pdf (accessed May 8, 2017), and Robert W. Poole, Jr., "Modest Progress on Outsourced Checkpoint Screening," Reason Foundation *Airport Policy and Security News* No. 101, August 6, 2014, http://reason.org/news/show/1013973.html#c (accessed May 8, 2017).
16. *TSA Ignores More Cost-Effective Screening Model*, Committee on Transportation and Infrastructure.
17. Chris Edwards, "Privatizing the Transportation Security Administration," Cato Institute *Policy Analysis* No. 742, November 19, 2013, http://object.cato.org/sites/cato.org/files/pubs/pdf/pa742_web_1.pdf (accessed May 8, 2017).
18. U.S. Department of Homeland Security, Transportation Security Administration, "Screening Partnership Program."
19. Justin Hienz, "(Security) Theater of the Absurd – TSA and the Screening Partnership Program," Security Debrief blog, January 14, 2016, http://securitydebrief.com/2016/01/14/security-theater-of-the-absurd-tsa-and-the-screening-partnership-program/ (accessed May 12, 2017).

corporation collect fees, manages screening equipment, and contracts with private security companies to handle the screening workforce.

Transport Canada (TC) is the Canadian government agency that sets the rules and regulations for aviation security, akin to the U.S. TSA.[20] The Canadian Air Transport Security Authority (CATSA) is a crown corporation—a government-owned corporation in American parlance—responsible for the screening of passengers and their belongings, screening of baggage through explosives-detection systems at airports, screening of non-passengers entering restricted airport areas, and the management of a restricted area identity card (RAIC).[21] CATSA is responsible to Parliament through the Minister of Transport and run by an 11-person board of directors, with airlines and airports each appointing two members of the board.[22]

To fulfill this mission, CATSA is funded by Parliament out of security fees collected on all flights through Canadian airports. CATSA owns the screening and access card technology and equipment but contracts with private security contractors to provide a screening workforce. For efficiencies of scale, security companies do not bid airport by airport but instead bid on one of four regions:

- Pacific Region (British Columbia and Yukon);
- Prairies Region (Alberta, Saskatchewan, Manitoba, and Northwest Territories);
- Central Region (Ontario); and
- East Region (Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and Nunavut).[23]

Within the bounds of TC-set security regulations, CATSA sets standard operating procedures and efficiency standards for the private screening force at airport security checkpoints.

Canada's model is more effective and less costly than that of the U.S.

- From 2005 through 2014, Canada spent around 40 percent less per capita on aviation security than the U.S.
- Over the same period, Canada spent approximately 15 percent less per traveler than the U.S.[24]

Yet, despite these lower costs, CATSA reports a higher rate of traveler throughput than the U.S.

- In 2016, the TSA reported 150 travelers were screened per hour through a standard line.[25]
- In 2016, CATSA reported 159 travelers were screened per hour.[26]

The Canadian model is providing slightly higher throughput of travelers at lower cost, despite having fewer large airports where it can benefit from economies of scale in screening efforts.[27] On the other hand, Canada uses full body scanners as a secondary screening tool, whereas in the U.S. they are used as a primary tool, thus decreasing throughput at U.S. airports.[28]

20. Canadian Air Transport Security Authority, "CATSA 2016 Annual Report," http://www.catsa.gc.ca/sites/default/files/imce/CATSA-AnnualReport2016-EN.pdf (accessed May 12, 2017).
21. Ibid.
22. Ibid.
23. Canadian Air Transport Security Authority, "CATSA Backgrounder," http://www.catsa.gc.ca/sites/default/files/imce/CATSAbackgrounder.pdf (accessed May 12, 2017).
24. David Gillen and William G. Morrison, "Aviation Security: Costing, Pricing, Finance and Performance," *Journal of Air Transport Management*, Vol. 48 (September 2015), http://www.sciencedirect.com/science/article/pii/S0969699714001537 (accessed May 12, 2017).
25. *Federal Register*, Vol. 81, No. 42 (March 3, 2016), pp. 11364–11405.
26. Canadian Air Transport Security Authority, "2016 Annual Report."
27. Researchers found that Canada has fewer travelers per capita than the U.S. Additionally, they found that screening has significant efficiencies of scale. "A 1 percent increase in screened passengers increases boarding and screening costs by 0.536 percent." See Gillen and Morrison, "Aviation Security."
28. Canadian Air Transport Security Authority, "Security Screening," http://www.catsa.gc.ca/breezethrough/#additional (accessed May 12, 2017), and Transport Canada, "Full Body Scanners at Major Canadian Airports," March 3, 2017, https://www.tc.gc.ca/eng/mediaroom/infosheets-menu-7669.html (accessed May 12, 2017).

Even factoring this in, Canadian airports likely provide screening throughput at rates at least as good as the U.S. but at lower cost.

With private contractors handling labor issues, CATSA is also free to focus on improving the technology used at checkpoints. Fully automated carry-on baggage screeners, e-gate systems for checking tickets prior to the security line and funneling passengers automatically to the shortest line, and other pieces of technology are deployed to secure and streamline the screening process.

To adopt this model, Congress would move the TSA to a purely oversight and regulatory role, but rather than putting airports in charge of providing security, a new government corporation would be created to handle screening operations. It would be funded by Congress and own and oversee the development of equipment and technology at checkpoints. The U.S. would be broken down into multiple regions where security companies would bid for the contract to provide a screening workforce to all airports in the region. Canada, a country about the same size as the U.S. but with a population approximately equal to California's, has four regions. The U.S. would clearly need more regions. To keep regions relatively compact and spread large airports across the different regions, the U.S. could aim for around 10 different regions. Moving to this new model could also involve a transition period during which one region at a time switches from TSA to the new government corporation with private screeners.

Refocusing the TSA on Security

After 9/11, the U.S. clearly needed to do more to secure aircraft. The TSA as security regulator, equipment overseer, and personnel manager, however, was not the right approach. With other approaches, such as the SPP or the public-private partnership developed by Canada, leading to cheaper, more efficient, and equally strong (if not stronger) airport security, Congress should be looking for a change. Congress should:

- **Refocus the TSA on security regulations and oversight.** The TSA's focus should be on ensuring security standards are being met and heading off threats.

- **Replace TSA screeners with private screeners.** This can be accomplished in at least two ways.

  1. *Have the SPP cover all airports.* The TSA would turn screening operations over to airports that would choose security contractors who meet TSA regulations. The TSA would oversee and test airports for compliance.

  2. *Adopt a Canadian-like system.* The TSA would turn over screening operations to a new government corporation that contracts out screening service to private contractors. Contractors would bid on providing their services to a set of airports in a region, likely with around 10 regions in the U.S. The TSA would continue to set security regulations and test airports for compliance while the new corporation would establish any operating procedures or customer service standards.

- **Reduce airport security fees.** Any savings resulting from the switch to private airport screeners should partially accrue to travelers. While Congress should reinvest most savings from a TSA privatization back into other areas of DHS, a portion of the savings should be used to lower security fees for travelers.

Security and Savings

September 11, 2001, was a wake-up call that terrorists would not only seek to attack airplanes but also use them as weapons. The need for security was urgent and the TSA was the solution that Congress quickly arrived at just two months after 9/11. The TSA federalized screening workforce, however, is not the only way. Policymakers should look to private alternatives and to the models in Europe and Canada to provide aviation screening services as a way to save money and focus finite security dollars on other parts of the homeland security enterprise.

*—**David Inserra** is Policy Analyst for Homeland Security and Cyber Security in the Douglas and Sarah Allison Center for Foreign Policy, of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, at The Heritage Foundation.*