TESTIMONY FOR THE RECORD

OF

GEOFF FREEMAN, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER OF THE U.S. TRAVEL ASSOCIATION

ON

"STAKEHOLDER PERSPECTIVES: TSA'S EFFORTS TO ADVANCE RISK-BASED SECURITY"

**BEFORE THE
HOUSE HOMELAND SECURITY COMMITTEE
SUBCOMMITTEE ON TRANSPORTATION SECURITY**

APRIL 11, 2013

Chairman Hudson, Ranking Member Richmond, and Members of the Subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the national, non-profit organization representing all sectors of America's travel industry. U.S. Travel's mission is to increase travel to and within the United States.

The travel industry provides good, domestic jobs that cannot be outsourced. In 2012, travel spending in the United States totaled $855 billion, which generated a total of $2 trillion in economic output. The travel industry also directly supported 7.7 million jobs and was among the top 10 employers in 48 U.S. states and the District of Columbia.

For example, travel directly employs more than 9,500 North Carolinians in the 8th Congressional District and contributes over $952 million annually to the local economy. Similarly, travel directly employs more than 24,000 Louisianans in the 2nd Congressional District and contributes more than $2 billion to the local economy.

Travel is not only a vital economic engine – it is a hallmark of our free and open society, and its various components are essential to our daily lives. I applaud the Subcommittee for holding this important hearing on TSA's implementation of risk based security. The U.S. Travel Association firmly believes that security and efficiency are equal and obtainable goals – and both protect our country and safeguard our economy. Moving too aggressively in one direction imperils the other, and that's why we are such strong advocates of risk based security.

My testimony today will focus in three areas. First, I'll examine major drivers of inefficiency and cost in passenger screening. Second, I'll highlight key successes and opportunities for improvement in risk-based security. And third, I'll offer U.S. Travel's recommendations for what TSA and Congress can do to build a more efficient and secure aviation system.

Drivers of Inefficiency and Cost

Many of today's problems in aviation security stem from a refusal to acknowledge or accept any risk in the system. In the past, continual layers of security were added to address almost every conceivable threat. What's worse is that few efforts were made to scale back, eliminate or tailor these layers for fear of being perceived as "weak" on security.

As a result, travelers were stuck with an inefficient, one-size-fits-all security screening process that hurt our economy and burdened American taxpayers.

A 2010 survey conducted by Consensus Research found that travelers would take two to three more flights per year if the hassles in security screening were reduced. These additional flights would add nearly $85 billion in consumer spending back into the U.S. economy and help support 900,000 jobs. A similar survey conducted in 2011 found that four of the top five passenger frustrations relate directly to the TSA checkpoint.

Rapid budget growth is also driven by a one-sized-fits-all screening process. In its FY2012 budget request, DHS acknowledged that the cost of screening per passenger rose by over 400 percent between 2001 and 2011. And from 2004 to 2012, the TSA's budget increased by more than 60

percent, while the number of passengers screened remained almost flat.[1] After just eleven years, TSA's budget is now roughly equal to the Federal Bureau of Investigation (FBI).

Security, Efficiency and TSA's Mission

U.S. Travel believes these trends can only be reversed by using a risk-based approach to aviation security. In 2010, U.S. Travel commissioned a Blue Ribbon Panel (BRP) – headed by former Secretary of Homeland Security Tom Ridge – to examine problems in aviation security and recommend solutions.

First and foremost, the BRP challenged TSA, Congress and all aviation security stakeholders to set aside the notion that security and efficiency are mutually exclusive goals. Specifically, the final BRP report states:

> *"Some in Congress appear to have calculated that there are no political consequences to an inefficient and costly system, but great political consequences to a successful terrorist attack. This is a classic Hobson's Choice that the American traveling public repudiates. The debate Congress must engage in is not strong security versus weak security, but rather how to create a world-class aviation security system that effectively manages risk, increases efficiency and embraces the freedom to travel."*

The Blue Ribbon Panel was also unanimous in its support for risk-based security and laid out three critical elements of a risk-based strategy in its final report. First, TSA and Congress must clearly identify the types of threats TSA is responsible for preventing. Second, relying on the latest intelligence, TSA must apply its limited resources to the highest priority threats. And third, TSA should always strive to provide the greatest level of efficiency in passenger screening, while maintaining security.

TSA's Successes in Risk-Based Screening

With support from Congress and the private sector, TSA is now using a more risk-based approach to aviation security and Administrator Pistole deserves our gratitude for his leadership on these issues.

Specifically, U.S. Travel applauds TSA for creating and rapidly expanding PreCheck. This program is the best example of a truly risk-based initiative that increases security and efficiency, and could eventually reduce budgetary costs.

In addition to PreCheck, as TSA expands its risk-based efforts, Administrator Pistole and TSA are improving their outreach to stakeholders, travelers, and non-traditional partners. For the first time since 2006, TSA reconstituted the Aviation Security Advisory Committee (ASAC) and I'm proud to serve as chair of the newly created Passenger Advocacy subcommittee. TSA is also hosting roundtables and listening sessions with travel businesses around the country to hear their suggestions for improving aviation security.

---

[1] U.S. Travel Association, *"A Better Ways: Building a World-Class System for Aviation Security."*
http://www.ustravel.org/sites/default/files/page/2011/03/A_Better_Way_032011.pdf

<u>Opportunities for Improvement</u>

Going forward, TSA can still improve its outreach to stakeholders, as we saw with their recent decision to change the prohibited items list. TSA can use the ASAC to brief stakeholders in a classified setting and to receive their candid feedback.

There are also three aspects of PreCheck that must be improved if the program is to reach its full potential.

First, there are far too many barriers preventing a large number of ordinary travelers from joining and using PreCheck. One barrier is the sheer difficulty of enrollment through the U.S. Customs and Border Protection's (CBP's) Global Entry program, which features a cumbersome and confusing online application process, and is a prime example of the difficulty a government agency can have in creating streamlined and customer friendly services.

To be a part of Global Entry, CBP requires an in-person interview -- but only offers these interviews at 33 permanent locations. Chairman Hudson, your constituents are fortunate, in that they would only have to travel some 30 miles to Charlotte International Airport for a Global Entry interview. However, Ranking Member Richmond, your constituents would have to travel much further. If a person living in New Orleans, wishes to join Global Entry, the closest CBP interview location is in Houston, Texas, and requires a five-hour, 340-mile round trip drive – or, of course, a flight. Clearly, this is not convenient for millions of low risk travelers.

Of course, if an individual does not want to be part of Global Entry and instead wants to be enrolled via an airline, there are many difficulties associated with this enrollment process as well. Perhaps the most significant obstacle is the cost of joining PreCheck through an airline frequent flier program. If a person wishes to qualify for PreCheck through a sponsoring carrier, U.S. Travel estimates that it would cost roughly $10,000 in airfare paid to a single airline in order to accrue enough frequent flier miles.[2]

Second, PreCheck can be too unpredictable and is inconsistent across airlines. For example, while passengers should always be subject to randomized screening, we believe that this level could be lowered if passengers could offer more personal information, have a security threat assessment conducted and have biometric credentialing employed to verify identity. By gathering more background information from individuals who wish to provide it, TSA would offer a more risk based, predictable and expedited screening process.

Unfortunately, the current airline based structure does not allow for the collection of more information – instead, the airline PreCheck enrollment process uses flying history as the central element of additional background data. Because TSA has decided that this level of information merits a high randomization rate, PreCheck contributes to the overall inefficiency of the current system by forcing too many people to go through the standard screening process.

---

[2] TSA considers enrollment criteria for Pre✓™ to be Security Sensitive Information. The U.S. Travel Association calculated an estimate of the cost to join Pre✓™ by multiplying the average 2010 passenger yield (the average fare paid by domestic passengers per mile flown) of ¢13.49 by 75,000 (the number of miles needed to become Platinum customer on Delta airlines).

Furthermore, PreCheck's structure as an airline-by-airline, airport-by-airport effort is not particularly risk-based. Once a traveler is enrolled in PreCheck through a frequent flier program, they can only use the expedited screening lanes when flying with that particular airline. In our opinion, risk should not be determined customer loyalty.

Limited enrollment and high unpredictability lead to the third area of improvement for PreCheck – low utilization rates. While TSA is to be applauded for having screened some 7.5 million passengers through PreCheck to date, this number is small when compared with the roughly 2 million people who fly each day in the United States and the roughly 700 million passengers who fly each year. We must do better, and more people must be part of this program for it to be a true risk based solution to aviation security.

Recommendations for TSA

To improve PreCheck, we recommend that TSA focus its efforts on three high-priority areas.

First, TSA should partner with the private sector to create more accessible and secure enrollment options. U.S. Travel fully supports TSA's request for private sector proposals to expand PreCheck and U.S. Travel is proud to join CLEAR – a risk-based security technology company – in its proposal to TSA.

We believe CLEAR can:
- o Rapidly expand PreCheck through its existing customer base;
- o Continue to grow the program through effective marketing strategies and partnerships;
- o Increase security through its verified identify platform and in-depth background checks, and
- o Provide improved levels of customer service for enrolled travelers.

Through an innovative public/private partnership with TSA, private sector companies can quickly help the agency boost enrollment and utilization rates for PreCheck, and reduce TSA's budget by shifting operational costs from TSA to the private sector. These types of partnerships also provide new, important revenue streams to local airport authorities, an added benefit in tight budgetary times.

Second, TSA and DHS can make PreCheck truly risk based by allowing travelers to qualify for the program by aggregating their frequent flier miles across multiple airlines. Additionally, once a passenger is enrolled in any DHS low risk traveler program – through either CBP, an airline, or any future enrollment platform – those passengers should automatically be granted access to every PreCheck lane until they no longer qualify.

TSA can also offer enrollment opportunities that can reach beyond the CBP Global Entry by harnessing other government programs that assess the security of populations – like the Transportation Worker Identity Credential and the Hazardous Materials Enrollment program – and granting them access to PreCheck.

Third, TSA can increase predictability through better line management, the use of biometric credentialing, and more in-depth background checks. In-depth background checks and secure forms of identification enable TSA to know more about a passenger and lower rates of random screening. TSA can also increase efficiency by allowing PreCheck passengers selected for randomize

screening to move immediately to the standard screening lane, rather than the back of the waiting line before the travel document checker. Line management, the use of biometric identity verification and in-depth background checks are all functions that could be carried out by approved private sector providers for PreCheck.

Role of Congress and Closing

Finally, Congress can also do three things to support TSA's risk-based screening efforts.

First, Congress should encourage TSA to revise or roll-back security screening procedures whenever possible. As TSA considers new measures to enhance security based on risk and intelligence information, there should be a continuous assessment of existing screening protocols and standard operating procedures to see what's become obsolete or unnecessary. Without a continuous assessment of security layers that can be removed, or that have been replaced by something better, we risk needlessly bogging down the system.

Unfortunately, as we've seen recently with the change to the prohibited items list, when TSA does remove layers, or change standard procedures, there tends to be little engagement with stakeholders and with the flying public. We hope that TSA can do better in this regard so that changes, when made based on risk, are also discussed in advance with constituencies that need to understand the changes, and why they were made.

Second, Congress can assist and improve TSA's risk-based programs through legislation. Legislative priorities should include expansion of PreCheck through private sector partnerships, support for increased Customs and Board Protection staffing to clear the backlog of Global Entry interviews, and strengthening passenger advocacy within TSA.

Lastly, in everything you do, remember that security and efficiency are equal and obtainable goals. TSA is vital to security but the agency also impacts businesses, jobs and our quality-of-life. The country that put a man on the moon, and has led the world for centuries in innovation and technology, can have a world-class, efficient and secure aviation system.

Again, thank you Chairman Hudson, Ranking Member Richmond, and all members of the subcommittee for inviting me to testify today. I look forward to answering your questions.