

**Statement of  
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before the  
United States House of Representatives  
Committee on Homeland Security  
Subcommittee on Transportation Security  
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Chairman Hudson, Ranking Member Richmond and members of the Subcommittee, I am pleased to appear before you today to discuss the Transportation Security Administration (TSA) Screening Partnership Program (SPP).

As you know, TSA is a high-performing counterterrorism agency charged with facilitating and securing the travel of the nearly 1.8 million air passengers each day. Our workforce carries out the important mission of protecting the transportation system to ensure freedom of movement for people and commerce. TSA's security measures comprise a multi-layered system that identifies, manages and mitigates risk. Combined, these layers form a strong, secure system designed to deter and prevent terrorist attacks.

**Screening Partnership Program (SPP) History**

Congress, through the Aviation and Transportation Security Act (ATSA) (P.L. 107-71), established TSA and determined that passenger screening should be 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. Further, these private sector employees are required to maintain the qualification criteria of Federal Transportation Security Officers (TSOs), and to receive compensation no less than such Federal personnel. This provision was formalized into the Screening Partnership Program after the two-year pilot period concluded.

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. Additionally, the TSA Administrator must determine “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.”

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. Since the program began in 2004, 31 airports have applied, including the original statutory five pilot airports. Of those 31, 18 are currently participating in the SPP program, and either have private contract screeners in place or are in the process of transitioning to contract screeners. Of these 18 airports, eight fall within the smallest airport classification (Category IV - which means they enplane between 2,500 and 10,000 passengers a year). The 18 airports currently participating in SPP represent approximately 28.9 million passengers per year, or 4.5% of TSA’s annual passenger volume.

The cumulative contract value for these 18 airports is currently \$661 million over a five-year period.

Of the remaining 13 airports that have applied to the program, one is currently in the application adjudication phase, two are in the source selection phase, and the remaining 10 have either discontinued commercial air service, have been denied, or have withdrawn their applications prior to contract award.

Regardless of whether an airport has private or federal employees conducting passenger screening operations, TSA maintains overall responsibility for transportation security. As new and emerging threats are identified, we must be able to adapt and modify our procedures quickly to protect the traveling public. Federal Security Directors oversee the contracted security screening operations to ensure compliance with Federal security standards throughout the aviation network.

### **Transparency and Industry Engagement**

Airport operators interested in participating in the SPP, may find the application on the TSA website along with an, an overview of the application process, and additional information relevant to airport operators contemplating participation. Additionally, the TSA website 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 on SPP-related topics. For example, TSA advertised and held an SPP-specific Industry Day on January 10, 2014. This meeting was attended by approximately 100 vendors and provided a general overview of the program's direction and goals, informed industry of the acquisition process, and also offered a forum for obtaining feedback and insight

into industry capabilities. TSA has also met with vendors in other forums, such as the National Association of Security Companies Annual Washington Summit and the Washington Homeland Security Roundtable, both held in June 2014.

### **Cost Efficiency**

In order to maintain cost efficiency as required by the FAA authorization, restrain costs from exceeding those incurred by TSA for federal screening, and creating an unfunded requirement, the agency includes the federal cost estimate of the airport screening operation in the RFP. This new practice demonstrates compliance with the law by ensuring that bidders are evaluated on costs as well as their ability to conduct airport screening according to TSA standards. Estimates are developed in accordance with standard methodology using the most recent and actual data from the airport. The methodology is continually validated and refined to conform with changes to the law, as well as to incorporate improvements resulting from audits conducted by the Government Accountability Office (GAO) and the Department of Homeland Security Office of the Inspector General (OIG).

### **Program Accomplishments**

In his January 2014 testimony, TSA's Assistant Administrator for the Office of Security Operations, Kelly Hoggan, stated that TSA's goal is to award a contract within one year of receiving a new SPP application, assuming all legal requirements are met and a qualified contractor is identified during the procurement process. While this is an aggressive timeline given the requirements of the Federal Acquisition Regulation, the goal is a reflection of our commitment to ensure airports that choose to have contract screeners can move expeditiously in

that direction. The first opportunity to meet that one-year goal is with the application we recently received from Portsmouth International Airport in June 2014.

Our programmatic efforts in recent months have been focused on completing the procurement process for airport applications that have already been approved. I am pleased to report that TSA awarded a contract for four Montana airports, also known as Montana West, which became effective on June 1, 2014. We are currently in the transition phase for converting the screening operations at these airports from Federal to contractor. Two more airports are nearing the end of the procurement process: Orlando Sanford International Airport and Sarasota Bradenton International Airport. TSA expects to award those contracts in the coming months, assuming we identify a qualified vendor from the procurement process.

TSA also closed out its remaining OIG recommendation to streamline the SPP application review process. In closing the recommendation, we instituted improvements in our processes for application review that will facilitate meeting the aggressive one-year goal to award a contract on new applications. Process improvements include reducing the number of offices required to review and provide data for application decisions to only those essential to meet legislative requirements (security and cost efficiency) and co-locating the program and acquisitions teams that participate in the application review and procurement functions to enhance collaboration in planning and execution.

I would also like to mention that the Joint Statement of Managers accompanying the Fiscal Year 2014 Appropriations directed TSA to allocate resources for an independent study of the performance of federalized compared to privatized airports in a number of areas, to include cost and security effectiveness. TSA awarded a contract in June 2014 to begin that study. We expect the contractor to publish the first of two reports in November 2014. The first report directly

answers the Joint Statement of Managers and will be provided to GAO for review and subsequent reporting to Congress. The second report, focused on reviewing TSA's methodology for comparing performance and costs, will be completed in March 2015.

## **Conclusion**

TSA strives to maximize security by keeping ahead of current threats identified by intelligence and by maintaining security systems that focus its resources on areas where they will yield the greatest benefit. This is consistent with our risk-based approach to security and critical in times of budget austerity. It is my responsibility as the senior executive in charge of SPP to ensure that the program is managed with an appropriate focus on cost and security. I appreciate the work that the Government Accountability Office and this Committee have done in partnering with us to achieve this goal.

Thank you for the opportunity to appear here today. I will be happy to answer your questions.