

## STATEMENT OF

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HEARING ON “TSA PRECHECK: IS TSA BALANCING SECURITY AND  
EFFICIENCY?”

HOUSE SUBCOMMITTEE ON TRANSPORTATION AND PROTECTIVE SECURITY

May 17, 2018

Chairman Katko, Ranking Member Watson Coleman, and Members of the Subcommittee: My name is Michael W. McCormick, and I am Executive Director and Chief Operating Officer of the Global Business Travel Association—a role I have served in since 2009. Thank you for the opportunity to testify regarding business travelers’ perspective and perception on the TSA Checkpoints, the expedited traveler program Precheck and the impact policy announcements and security management can have on business travel.

The Global Business Travel Association (“GBTA”) is the world’s premier business travel and meetings trade organization headquartered in the Washington, D.C. area with operations on six continents. GBTA’s 9,000-plus members manage more than \$345 billion of global business travel and meetings expenditures annually. GBTA delivers world-class education, events, research, advocacy and media to a growing global network of more than 28,000 travel professionals and 125,000 active contacts.

GBTA has 38 chapters and affiliates across this country. GBTA’s annual Convention in the U.S. is the must-attend event of the year for business travel. This August’s event in San Diego will welcome over 7,000 attendees from across the U.S. as well as over 50 countries. Last year’s event had an economic impact of \$22.5 million on the city of Boston. This event and economic impact is a small sample size of the total impact of business travel in practice. And although we are a global organization, our roots are in our history here as we celebrate our 50th anniversary as a U.S. led trade association headquartered in Virginia.

### **U.S. Economic Benefits of Business Travel**

In July of 2017, GBTA released the ‘The U.S. Business Travel Economic Impact Report’. This report as its name implies, shows the industry was responsible for about 3 percent (\$547 billion) of U.S. GDP in 2016. The business travel industry supports 7.4 million jobs and generated \$135 billion in federal, state and local taxes. Much of business travel’s contribution to the economy accrues directly to industries that serve

business travelers, but their supply chain beneficiaries received an additional indirect contribution of \$132 billion.

Based on these numbers, it cannot be overstated how important travel is to the U.S. economy... or any economy. As we always say, “Business travel drives business growth”. Companies invest in business travel to drive new business, create new jobs and build shareholder value. But as the busy summer travel season ramps up, GBTA is concerned past travel problems in screening as well as past statements and policies on foreign visitation will impact the rest of 2018 and beyond.

## **TSA PreCheck**

The nation’s businesses spent \$424 billion to send travelers out on the road for 514.4 million domestic business trips including roughly 144 million round trip flights. Because of this mass of travelers, GBTA has made secure and efficient travel a key platform of GBTA’s legislative policy. GBTA has been a supporter of TSA PreCheck since its first iteration as Registered Traveler. This support stems from understanding the issues that impact business travel. GBTA surveys of business travelers consistently cite moving through airport security as one of the largest pain points. TSA PreCheck offers business travelers a risk-based, intelligence-driven aviation security that is safe, fast and efficient. Time is money for business travelers, and inefficient procedures reduce business travel due to the “hassle factor” and hurt the economy.

GBTA’s “Business Traveler Sentiment Index” profiles business travelers and our research shows TSA PreCheck enrollees are significantly more satisfied with air travel than those not enrolled. Two thirds (66 percent) of travelers enrolled in TSA PreCheck are satisfied with getting through airport security, compared with just 47 percent of business travelers not enrolled in the program. More striking is the impact the program has on the overall travel experience, 66 percent report satisfaction, compared to 54 percent for those not enrolled.

## **Mitigation Strategy**

GBTA believes in TSA PreCheck and continues to work with Congress and TSA to expand its marketing opportunity to grow the population enrollment. GBTA believes increased marketing and expanded third-party enrollment are vital to TSA achieving its goal of 25 million enrollees.

However, the current practice of allowing non-TSA PreCheck members into the security lines continues to be voiced frequently as a concern by travelers enrolled in the program. GBTA fully supports the work done by the Committee to limit only those cleared for TSA PreCheck to be allowed in the lanes. And GBTA is prepared to support new legislation to prohibit this.

GBTA understands TSA has concerns over the impact this restriction may have on the other screening lanes. However, it is GBTA’s belief that this continued practice

undermines the impetus to enroll and calls into question the entire premise of the program, which is prescreening travelers who through background checks have been identified as “safe” before they arrive at the airport. It’s time to finally put an end to this practice, which confers all the benefits of PreCheck without requiring any of the burdens.

While GBTA believes in the risk-based approach, as we saw in the Summer of 2016, TSA PreCheck cannot be the sole answer to long security lines. In GBTA’s opinion, accurate travel numbers, well thought out policies and solid analysis of historical data and forecasts, like the “*GBTA BTI™ Outlook – Annual Global Report & Forecast*” are key to TSA’s ability to adequately staff checkpoints.

The BTI’s most recent findings show business travel spending is expected to accelerate significantly in 2018, advancing 6.1 percent, followed by roughly 7.0 percent growth in both 2019 and 2020. Business travel spending gains have not reached this level since 2011. Yet, also included in the findings was an unusually high impact of many global uncertainties. The Global Economic Policy Uncertainty Index, which began in 1997, has hit an all-time, 20-year high. (Attachment 1)

We are at a time of conflicting and sometimes seemingly contradictory views on how the business travel marketplace is trending – and what the future holds. On one hand, as lower corporate tax rates are pushed forward and business regulations are rolled back, some would argue that business travel is healthy. But other underlying factors have a decidedly more negative impact on the future of business travel including trade policy renegotiation, terrorism, travel and immigration bans, sanctions, electronics bans and geopolitical tensions.

### **Impact of Administration Policy and Rhetoric on Travel**

GBTA is concerned this uncertainty along with ongoing rhetoric and policies will send the message that the U.S. is closed for global business. This dampening of the demand for the U.S. as a business travel destination could cause a lasting negative economic impact that is masked in the near term by offsetting economic policies.

This began last year with the current administration’s first travel ban, which cost the U.S. \$185 million in business travel bookings in one week. A second, then third travel ban followed, which is awaiting ruling from the Supreme Court, driving further uncertainty. There is no question that uncertainty is bad for business travel and bad for the global economy.

In May of 2017, GBTA developed an ‘uncertainty forecast’ for 2017 showing the impact that mounting geopolitical uncertainty was having on the economy by using first quarter ticketing data from the Airlines Reporting Corp. (ARC), publicly available travel data and GBTA’s economic research and models including the BTI. GBTA projected a loss of over \$1.3 billion in overall travel-related expenditures in the U.S. in 2017 including hotels, food, rental cars and shopping expenses that inbound travelers would have spent. That

includes \$250 million lost in spending from inbound business travelers from Europe and the Middle East. U.S. GDP was projected to take a nearly \$300 million hit while potentially impacting more than 4,200 jobs along with \$175 million in lost wages and a \$70 million reduction in tax collections. Final 2017 numbers will be available in our annual Global Business Travel Index forecast due out in August 2018.

The underlying concern is that this will have a significant long-term impact on the economy as companies begin to host meetings and events in competitive non-U.S. destinations. In March of 2017, following the second executive order on travel, GBTA polled its U.S. and European membership. Nearly 4 in 10 (37 percent) U.S. business travel professionals expected some level of reduction in their company's travel because of the revised executive order. Even more European travel professionals felt this way with 47 percent expecting some level of reduction in business travel for their company. Additionally, 17 percent of European travel professionals reported that their company has already cancelled business travel to the U.S. because of the executive orders issued.

Thirty-eight percent of European business travel professionals said their companies would be less willing to send business travelers to the U.S. in the future because of the executive order, and 45 percent indicated their company will be less willing to plan future meetings and events in the U.S. With meetings and events typically planned one-to-two years out, we will only begin to see the impact of these decisions this year.

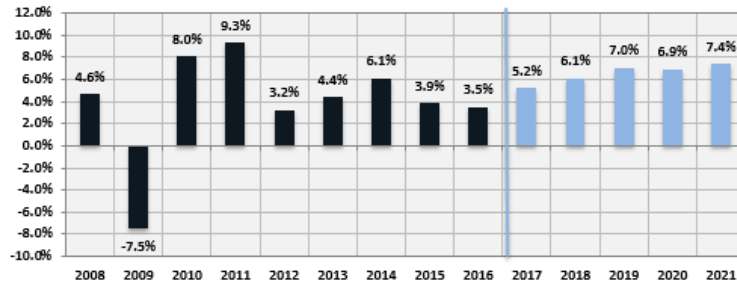
The poll also revealed that when asked about top concerns regarding the immigration ban on your travelers, increased traveler harassment in general (41 percent), uncertainty regarding green card and approved visa credibility to enter the U.S. (34 percent), and harassment of U.S. travelers to and from the Middle East (34 percent) topped the list.

It goes without saying that GBTA strongly supports all efforts keep our skies safe. GBTA continues to be a proponent for expanding proven security programs and developing new technology to facilitate information-sharing among governments to ensure travelers are always vetted properly, making us all more safe and secure. Yet, it is the cumulative impact of anti-travel policies and rhetoric that leave the perception to many that the U.S. is closed for business.

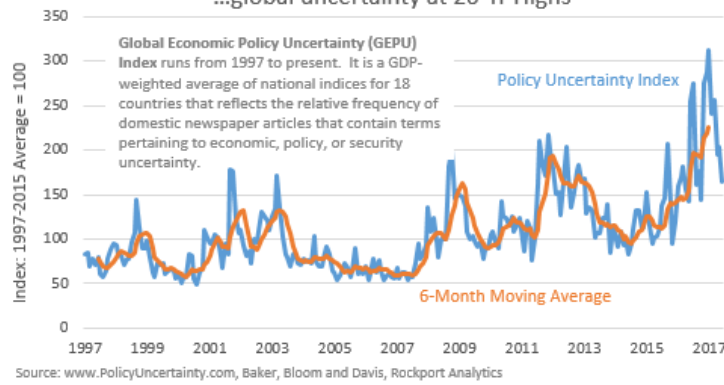
It is imperative that we reverse this tide of negative perception. As found in the GBTA economic study, a one percent decrease in business travel spending alone causes the U.S. economy to lose 74,000 jobs, \$5.5 billion in GDP, \$3.3 billion in wages and \$1.3 billion in taxes.

GBTA stands ready to assist in improving the travel process and to remind all that perception can be reality. GBTA urges consideration of the important lasting impact of business travel and hopes policies will be enacted going forward that preserve both our national security and our economy for the future.

Global economic performance suggests solid business travel growth ahead but...



...global uncertainty at 20-Yr Highs



Heightened Forecast Risk Leads to Larger Potential Forecast Error

