



Highlights of [GAO-05-558](#), a report to congressional committees

Why GAO Did This Study

The Aviation and Transportation Security Act (ATSA) authorized the Transportation Security Administration (TSA) to impose an Aviation Security Infrastructure Fee (ASIF) on air carriers to help pay for the costs of aviation security services. To impose the ASIF, TSA issued an Interim Final Rule (IFR) and required air carriers to report their passenger and property screening costs incurred in 2000 on an attachment to the IFR referred to as Appendix A. The 2000 screening costs reported by air carriers were going to be used to establish the ASIF. Based on industry estimates of \$1 billion, TSA had estimated that the costs incurred by air carriers in 2000 were \$750 million, but the amounts reported by air carriers totaled \$319 million, significantly less than expected. To provide the Congress with an independent assessment, the Department of Homeland Security Appropriations Act, 2005 required GAO to review the amount of passenger and property screening costs incurred by air carriers in 2000.

What GAO Recommends

We recommend that the Secretary of Homeland Security direct the Assistant Secretary, TSA to consider the analysis and estimates in this study in determining the limitation on the aggregate air carrier fee consistent with ATSA. TSA concurred with our recommendation. TSA indicated that it will consider the analysis and estimates in our study, as we recommended.

www.gao.gov/cgi-bin/getrpt?GAO-05-558.

To view the full product, including the scope and methodology, click on the link above. For more information, contact McCoy Williams at (202) 512-6906 or williamsm1@gao.gov.

AVIATION FEES

Review of Air Carriers' Year 2000 Passenger and Property Screening Costs

What GAO Found

We estimate at a 95 percent confidence level that the amount of passenger and property screening costs incurred by air carriers in 2000 for the 3 major cost components were between \$425 million and \$471 million, with a midpoint estimate of \$448 million. The difference between our midpoint estimate and what the air carriers reported on the Appendix A and subsequently paid to TSA is \$129 million, as shown in the table.

GAO Estimate of 2000 Passenger and Property Screening Costs

Dollars in millions			
Cost component	Air carrier's Appendix A costs	GAO estimate ^a	Difference
Private screening contractors costs ^b	\$293	\$334	\$41
Airport costs	5	80	75
Air carriers' internal costs	21	34	13
Total	\$319	\$448	\$129

Source: GAO analysis.

^aSee app. I, table 9, for confidence intervals.

^bIncludes airline employee costs if they performed the screening function directly.

Determining exact cost amounts was not feasible and assumptions were required for several reasons including the following: (1) 5 years have passed since the costs were incurred, (2) the air carriers' accounting systems were not designed to capture specific passenger and property screening costs, and (3) certain cost categories required the application of assumptions to identify, categorize, or allocate cost. We focused on estimating for 2000 the three primary screening cost components listed below.

- Costs associated with the use of private screening contractors (or airline employees if they performed the screening function directly)—these were the most significant costs to the air carriers in 2000. Air carriers typically contracted with private screening companies to perform screening on their behalf, and the rates charged combined costs such as background checks, training, and uniforms. We estimated that air carriers incurred \$334 million for this cost component, compared to \$293 million reported by air carriers on the Appendix A.
- Airport costs related to passenger and property screening—the two major screening-related cost categories that airports charged air carriers, were costs for law enforcement officers and real estate costs for security checkpoints. Based on information obtained from a sample of airports, we estimated that air carriers incurred \$80 million for this cost component, compared to \$5 million reported on the Appendix A.
- Air carriers' internal costs—these include, among other things, installation, operation, maintenance, and testing of screening equipment; ground security coordinators; security program management and contract administration; and legal and accounting support. Based on an analysis of the Appendix A and on information obtained through interviews, we estimated that the air carriers incurred \$34 million in screening costs, compared to \$21 million reported in the Appendix A.