

UNITED STATES DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

Statement of

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Before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

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Good afternoon, Chairman Akaka, Ranking Member Voinovich, and distinguished members of the Subcommittee. I am pleased to be here today to discuss the progress the Transportation Security Administration (TSA) is making on the development and implementation of its pay for performance system.

As you know, Congress created TSA as a performance-based organization. We believe aligning pay and performance to create a highly motivated workforce enhances our nation's security. A motivated workforce is alert, on-the-go, ready to act. It is precisely the kind of workforce we need to win a war against an enemy seeking to harm us by exploiting our nation's transportation system. Pay for performance rewards technical proficiencies and workplace behaviors in ways that simply cannot be duplicated by the General Schedule as applied to other federal employees. And at TSA, it rewards employees for successfully securing our transportation network.

Not only does pay-for-performance benefit the American public, but it benefits each and every TSA employee working shoulder-to-shoulder with one another. Our collective strength is based upon the motivation of each individual. To prevent another terrorist attack utilizing our transportation network, every TSA employee on the front line wants the person working next to him or her to have the same dedication and sense of mission that they possess. Pay-for-performance also advantages TSA as an organization. It has strengthened accountability by our supervisors, whose own performance is evaluated by how effectively they administer the program.

TSA's pay-for-performance system is a vibrant one. We have made continual efforts to improve the program, as evidenced most recently by a series of changes adopted at the beginning of 2008.

Development and Implementation of a Pay-for-Performance System

The Aviation and Transportation Security Act (ATSA), P.L. 107-71, required that an individual employed as a security screener may not continue to be employed in that capacity unless his or her evaluation demonstrates that the individual (A) continues to meet all qualifications and standards required to perform a screening function; (B) has a satisfactory record of performance and attention to duty based on the standards and requirements in the security program; and (C) demonstrates the current knowledge and skills necessary to courteously, vigilantly and effectively perform screening functions.

This congressional mandate resulted in the creation of TSA's pay-for-performance system. Developmental efforts included interviews with senior management, focus groups and large group meetings with Transportation Security Officers, teleconferences, written surveys, and reviews of internal and external best practices. Information-sharing meetings were held with senior leadership and the managers and staff of the major organizational elements within TSA. A nationwide performance management system "Best Practices Survey" was sent to Federal Security Directors and two nationwide performance management system surveys were distributed. This extensive data collection effort was undertaken so that the people whose performance would be measured had a role to play in developing the system.

TSA examined and analyzed a variety of performance management documents in use at airports across the country, including: procedural memoranda for testing, evaluating, remediating, rewarding or disciplining performance; performance management handbooks; performance agreement templates and forms; job aids; observation checklists; and training calendars. The program was validated further through a survey conducted among the same airport staff who participated in area focus groups in June 2005 and a single follow-up focus group at TSA Headquarters. As part of the survey, the screening workforce also voted on the name of the system. On April 1, 2006, the Performance Accountability and Standards System, or "PASS", went into effect.

PASS underscores our focus on individual and organizational performance rather than on employee tenure – the higher the level of performance, the higher the level of financial reward. Under PASS, TSA has established specific performance levels and set pay in connection with those performance levels. PASS currently applies to our Transportation Security Officers (TSOs), Lead TSOs, Supervisory TSOs, some Master and Expert TSOs, and our Security Managers. These individuals constituted a workforce of 38,558 in the 2007 PASS performance cycle and comprise the front line of our national security mission by operating security checkpoints at our nation's airports and screening over two million individuals daily.

PASS is driven by validated data. Its performance metrics are standardized, measurable and observable. A premium is placed on continuous education, training and communication. PASS components include management proficiency, technical proficiency, readiness for duty, training and development, collateral duties, supervisory accountability, and competencies such as customer service, decisiveness, oral

communications, conflict management and teambuilding. These components reinforce organizational values and promote professionalism and strong leadership. As I previously indicated, our supervisors have a significant commitment to PASS and are evaluated on how effectively they administer the program. Successful implementation of PASS is a component of their PASS rating.

Continual Improvement to Address Employee Concerns

TSA was not satisfied to simply roll out the PASS system. Since its inception, PASS has been monitored on a continual basis and suggestions are actively solicited from the workforce. These suggestions – many of which came from the National Advisory Council (NAC) that will be discussed later – have resulted in a number of changes.

In 2008, TSA will issue revised Standard Operating Procedures (SOPs) and will roll out significant new training as part of our ongoing Checkpoint Evolution initiative. We want our employees focused on doing their jobs instead of being overburdened with administrative requirements. SOP tests and three assessments have been removed for some job categories, thereby sharply reducing PASS administrative requirements. We reduced the number of core functions associated with all positions and we introduced a quick “One-Click” interface to PASS Online that greatly reduces the amount of time spent online entering employee performance information.

Additional changes include elimination of named categories (such as “Role Model of Excellence”) and replacing complex business rules with numeric scores. At the end of the performance period, payout levels will be distributed based simply on the points, out of a total of 100, an employee earns during the performance period.

PASS is a vibrant system and we will continue to study ways to improve pay for performance for our workforce.

The Role of the National Advisory Council

TSA is dedicated to listening to and addressing the concerns of its employees. An ongoing dialogue on employee-related issues is critical to maintaining an effective workforce and ensuring a successful pay-for-performance system. One of the most effective venues for maintaining a constructive dialogue has been through the National Advisory Council.

The NAC is composed of TSA employees from around the country selected by their peers to two-year terms to interact regularly with TSA leadership and program offices on employee-related issues. Its role as a forum for candidly discussing PASS and other employee-related issues has been invaluable. Both TSA Administrator Kip Hawley and I have participated in every single quarterly meeting and most monthly conference calls with the NAC. I have found the open and honest dialogue with my fellow workers one of the most rewarding aspects of my job. It is an effective way of obtaining unfiltered feedback from the frontline workers, engaging in in-depth conversations with one another

about the challenges facing our agency, and for finding constructive solutions in an inclusive and expeditious manner. Not only does the NAC assist me and all of TSA's leadership in identifying improvements to PASS, it also enables TSA to respond to our TSOs regarding their overall compensation and benefits program.

A clever and patient terrorist can find ways to exploit our technology and our standard operating procedures. However, that terrorist is far less likely to exploit the capabilities of a motivated and well-trained workforce which remains fully engaged in performing their jobs. By maintaining an ongoing dialogue with our workforce through the NAC and other forums, we are building and retaining a motivated workforce. By listening to our employees and by acting upon their concerns, we are continually improving PASS. And, in the fight against terrorism, the preservation and improvement of our workforce focuses on the resource most likely to ensure our protection.

Effectiveness of Pay-for-Performance

The effectiveness of our pay-for-performance system is borne out by the statistics. Over 50% of our TSO workforce has been on the job for four years or more. The average tenure of our TSO workforce is 3.5 years. TSOs who stay with us more than six months are likely to remain with us for the long term.

In Fiscal Year (FY) 2007, the TSO voluntary attrition rate was 17.4%. For full-time Officers, the voluntary attrition rate was 11.6%, which includes transfers to DHS components and other Federal agencies and voluntary retirements. When you eliminate that "positive attrition," the full-time TSO voluntary attrition rate was 8.43%. The FY 07 attrition rate for part-time TSOs was 37.4% (35% when you eliminate the same "positive attrition"). It is typical in any work environment that part-time attrition is much higher than that of full-time workers. TSA has increased the number of part-time hires to provide the flexibility needed to efficiently address airline scheduling. When viewed separately, full-time and part-time voluntary attrition have declined steadily since 2004.

Pay-for-Performance Payout

The most effective way to describe the payouts that TSA has paid to its workforce under PASS is illustrated in the chart below. As these figures show, over 60% of the PASS-covered workforce received a payout in 2008 based upon their work performance in 2007 that fell into the two highest performance levels. Performance in 2007 improved significantly over the previous year, suggesting that the motivation associated with pay-for-performance drives an employee to excel. And it is that striving for excellence that aids securing our homeland.

The amount of PASS benefits paid out in FY 2008 has increased over the previous year's amount. The 2008 payout (based upon 2007 performance) totaled \$76,776,511.00, without benefits, as opposed to a total 2007 payout (based upon 2006 performance) of \$67,947,085.00. The figure below illustrates the 2008 payout for the 2007 performance period under each of the five ratings.

2008 Payout for 2007 Performance Period

| Rating | Concept | Number Rated in FY07 | FY08 Payout (FY07 performance) |
|---------------------------------|-----------------------------|----------------------|--------------------------------------|
| Role Model of Excellence | Very substantial increase | 15.38% | CEI* + 3.5% increase + \$2,000 bonus |
| Exceeds Standards | Fairly substantial increase | 45.96% | CEI* + 2% increase + \$1,000 bonus |
| Achieves Plus | Small increase | 26.68% | CEI* + 1% increase + \$1000 bonus |
| Achieves Standards | Small bonus | 11.57% | CEI* + \$500 bonus |
| Does Not Meet Standards | No increase | <1% | CEI* only |

* Comparability Equivalent Increase for Jan. 2008 was 3.5%.

TSA Workforce Incentives

In addition to providing pay-for-performance, TSA is continually looking for other ways to create workforce incentives. A few examples include government contributions at the full-time rate for health benefits for part-time TSOs, new career opportunities, and the creation of split shifts.

Part-time TSOs are a critical component of TSA's flexible security approach. These same employees generally pay a higher percentage of total costs of health insurance than full-time federal employees. These higher health benefit costs become an impediment to retaining part-time employees. Consequently, to provide more affordable health care coverage and retain part-time TSOs, TSA worked with the Office of Personnel Management to permit part-time TSOs who elect Federal Employee Health Benefits coverage to pay the same lower cost for health benefits as full-time TSOs. In some cases, this workforce incentive has saved part-time TSOs up to 65 percent of the cost of health care.

Career opportunities for TSOs were expanded by creating a new full-performance level position and through the implementation of the Behavior Detection program, which utilizes behavior observation and analysis techniques to identify potentially high risk individuals based on deviations from security baselines. TSOs have opportunities to advance if they apply and are selected for these positions.

To more effectively utilize TSO resources and meet scheduling demands at airports, TSA increased the use of split shifts. Split shifts are comprised of two shifts (generally one in

the a.m. and one in the p.m.) with a break of at least two hours between the shifts. The use of split shifts provided TSOs with additional opportunities for full-time employment by working shifts that are otherwise staffed with two part-time TSOs. In addition, at some airports, TSOs who are assigned to work split shifts are able to work 10-hour shifts four days per week, which is especially helpful in reducing the cost of commuting to work.

Pay-For-Performance: The Optimal Performance System

The morale of our workforce is positive. It is reflected not only by the statistics but by the enthusiasm with which I am greeted by TSOs at NAC meetings and at airports around the country.

It is not coincidence or luck that provides safe skies, roads and rails. It is the creation and preservation of a layered system of security. While significant advances have been made in our technology and security processes, each day's success begins and ends with our people. The motivation of those employees is a critical ingredient to our success. I believe pay-for-performance plays a significant role in motivating and sustaining an exceptionally talented and well-performing workforce.

In the post-9/11 environment, pay-for-performance provides our employees with the best system to ensure accountability in a fair and objective manner while promoting security in the transportation domain. The pay-for-performance system enables TSA to succeed in its mission of ensuring accountability, enhancing professionalism, and promoting security.

TSA is committed to maintaining a fair and objective system for measuring performance and assuring that its workforce remains accountable to the public to provide security of the highest standard. Thank you again for the opportunity to bring you up to date on our progress with this important system.