



Screening Workforce Pay Strategy—Retention

Second Quarter, Fiscal Year 2021

September 17, 2021

Fiscal Year 2021 Report to Congress



**Homeland
Security**

Transportation Security Administration

Message from the Administrator

September 17, 2021

I am pleased to present the following report, “Screening Workforce Pay Strategy—Retention,” for the second quarter of Fiscal Year (FY) 2021, which was prepared by the Transportation Security Administration (TSA).

This report was compiled in response to direction in the Joint Explanatory Statement accompanying the FY 2021 Department of Homeland Security (DHS) Appropriations Act (P.L. 116-260). It discusses plans for the rollout of pay initiatives for the TSA screening workforce.

This report is being provided to the following Members of Congress:

The Honorable Lucille Roybal-Allard
Chairwoman, House Appropriations Subcommittee on Homeland Security

The Honorable Chuck Fleischmann
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable Chris Murphy
Chair, Senate Appropriations Subcommittee on Homeland Security

The Honorable Shelley Moore Capito
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

Inquiries relating to this report may be directed to me at (571) 227-2801 or to TSA’s Legislative Affairs office at (571) 227-2717.

Sincerely,



David P. Pekoske
Administrator



Executive Summary

TSA is implementing several new pay initiatives for its screening workforce with appropriated funds from the FY 2021 DHS Appropriations Act (P.L. 116-260). Given the complexities of transportation security officer (TSO) duties and responsibilities, pay policies must recognize TSOs' mission contributions, skills, performance, and tenure. So far, TSA has implemented a TSO Service Pay program, a Model Officer Recognition program, and a TSO Career Progression program, which provide monetary and nonmonetary awards, as well as pay-increase opportunities.

This report provides a status of TSA's pay reforms and their effect on TSO retention levels for the second quarter of FY 2021:

- TSA processed and paid the first round of increases associated with TSO Service Pay, resulting in more than 33,000 TSOs receiving a pay increase.
- Currently, TSA is processing the first payout for Model Officer Recognition awards. TSA expects those totals to be available for the FY 2021 third quarter iteration of this report.
- TSA began working through the selection process for the first round of pay increases associated with the TSO Career Progression program. This initiative was suspended temporarily in early 2020 because of the effect of the Coronavirus Disease 2019 (COVID-19) pandemic on airport operations. However, during that time, TSA repurposed funding to provide increased special achievement awards and on-the-spot awards for officer contributions to TSA's COVID-19 response.

TSA has experienced less attrition than normal in the screening workforce over the past year because of the pandemic's effect on the economy and labor market. However, TSA is optimistic that as it continues to implement these pay initiatives, TSO retention levels will increase, resulting in a more skilled and experienced workforce.



Screening Workforce Pay Strategy—Retention Second Quarter, Fiscal Year 2021

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I. Legislative Language

This document was compiled in response to direction in the Joint Explanatory Statement accompanying the Fiscal Year (FY) 2021 Department of Homeland Security (DHS) Appropriations Act (P.L. 116-260), which states:

... within 90 days of the date of enactment of this Act and quarterly thereafter, TSA is directed to provide reports to the Committees on the effect of pay reform on TSO retention levels.

II. Background

As discussed in the first quarterly report, the Transportation Security Administration (TSA) recognizes the need to provide its screening workforce with pay that attracts talented new recruits and that helps to retain dedicated, skilled workers. To that end, TSA implemented the following initiatives:

- **Transportation Security Officer (TSO) Service Pay:** TSA is providing TSOs with predictable, annual salary increases that acknowledge enhanced experience and skill mastery. TSOs in E, F, and G bands are receiving annual service pay increases of 2 percent for those in the bottom third of the pay band, 1.5 percent for those in the middle third, and 1 percent for those in the top third. The first round of pay increases went into effect April 11, 2021, with more than 33,000 TSOs receiving a pay increase.
- **TSO Career Progression:** TSA established a clearly defined career path with pay increases tied to enhanced skills and training for TSOs. In 2018, the new-hire TSO onboarding experience was changed to extend the training process and to associate a pay increase with the completion of new-hire training after 6 months of service. The phase of TSO Career Progression implemented this year provides a one-time pay increase for a significant number of competitively selected E-band TSOs who successfully complete certain advanced skills training and who take on additional responsibilities. Currently, airports are soliciting and assessing applications from TSOs for this pay increase.
- **Model Officer Recognition:** TSA developed a Model Officer Recognition program to identify and reward its top TSOs in all pay bands with monetary and nonmonetary awards and/or pay increases for their ongoing contributions to the mission. TSOs selected for this recognition will receive monetary and/or nonmonetary awards this calendar year and pay increases in 2022. TSA currently is processing the first payout for Model Officer Recognition awards and expects those totals to be available for the FY 2021 third quarter (Q3) iteration of this report.

TSA is focused on providing transparent career progression and on improving overall compensation for TSOs with additional funding for TSO Service Pay and for the next phase of TSO Career Progression.

III. Status of Initiatives

Although TSA is in the process of implementing these new initiatives, it will take time to see the effect of the compensation strategy on TSO retention levels. These three initiatives—focused on rewarding experience, skills development, and ongoing contributions to the mission—will ensure that all employees have a realistic and predictable path to pay progression. The status of each initiative is described below.

TSO Service Pay

TSA was appropriated \$25 million for TSO Service Pay in FY 2021 for progression within the pay-banding system. TSO Service Pay provides predictable annual salary increases that acknowledge enhanced experience and skill mastery. TSA processed and paid the first round of increases associated with TSO Service Pay on April 11, 2021, with more than 33,000 TSOs receiving a pay increase. TSA communicated this to the workforce through a variety of means that focus on the benefit of sustained annual pay progression for all TSOs. For example, TSOs have access to tools allowing them to project their personal pay progression and to associate the long-term value of a career with TSA. TSA also has highlighted the number and amount of pay increases to the workforce to illustrate its investment in them.

TSO Career Progression

The first phase of TSO Career Progression, implemented in 2018, provided a 5-percent salary increase for D-band TSOs after 6 months of service and completion of additional training, and then a promotion to E-band after an additional year. The next phase of TSO Career Progression, for which \$11.3 million was appropriated in FY 2021, builds on the prior phase by providing increased compensation for E-band TSOs who successfully complete certain advanced skills training and who take on additional responsibilities.

The E-band pay increase provides a one-time pay increase of 5 percent for a significant number of E-band TSOs beginning in the spring of 2021; note that E-band TSOs must apply, and compete for, the pay increase. TSA is working through the selection process to administer the first round of pay increases associated with this initiative. Once selected, these TSOs must complete certain advanced training courses within 1 year of being selected for, and receiving, the pay increase.

Model Officer Recognition

TSA's Model Officer Recognition initiative was suspended temporarily in early 2020 because of the effect of the Coronavirus Disease 2019 (COVID-19) pandemic on airport operations. The funding for the program was repurposed to provide increased special achievement awards and on-the-spot awards for officer contributions during TSA's COVID-19 response. Model Officer Recognition was reestablished on January 3, 2021.

Following a structured process, TSOs are recognized formally every quarter for their contributions and achievements. TSA currently is processing the first payout for Model Officer Recognition awards and expects those totals to be available for the FY 2021 Q3 iteration of this report.

Model officer pay increases for January 1–December 31, 2021, will occur in 2022. These increases, which are an additional 3 percent of the employee’s salary, are highly competitive and are limited to no more than 5 percent of the TSOs within a hub/spoke. The criteria for this award are based on the following:

- Technical application,
- Availability,
- Core values,
- Teamwork, and
- Command presence.

IV. Analysis of Initiatives' Effects

As discussed in the first quarterly report, TSA recognizes that there always will be a natural attrition of employees seeking upward career mobility outside the security-screening function. This attrition is related to challenges with TSO's nontraditional work schedules and to job fit. TSA also experiences other drivers of attrition, such as private-sector labor market rates (particularly those imposed by airport authorities), when trying to compete in local labor markets.

Significant data are not yet available to analyze the effect of pay reform on TSO retention levels since TSA started implementing them. Data also are limited in part because the COVID-19 pandemic affects TSA's ability to correlate the implementation of pay initiatives with decreased attrition. TSA has experienced less attrition than normal in the screening workforce over the past year because of the pandemic's effect on the economy and on the labor market. In addition, the following efforts have helped to reduce attrition:

- Increased focus on full-time hiring;
- Greater contributions to part-time employee health benefit premiums;
- Improved communication in the hiring process on what the TSO position entails;
- Efforts to improve overall employee readiness; and
- A concentrated leadership focus on workforce morale.

The robustness of the economic recovery, increases to minimum wage rates, and other recruitment and retention challenges complicate improvements in these areas. Previous experience—as well as other efforts to improve TSA employee engagement—have shown that workforce response to reforms takes time to understand.

TSA expects attrition to approach at least pre-pandemic levels as the economy improves, despite the implementation of these pay initiatives. Although TSA is optimistic that TSO Service Pay, the next phase of TSO Career Progression, and Model Officer Recognition will improve retention, it is likely to take some time for these initiatives to gain workforce confidence and to influence retention in a meaningful way. See **Figure 1** for annualized attrition of the screening workforce over the past 4 years:

Figure 1: Annualized Attrition for the Screening Workforce

Fiscal Year	Screening Workforce Attrition Rate
2017	17.3%
2018	17.3%
2019	17.0%
2020	13.6%

From FY 2017 through FY 2019, attrition rates for the screening workforce remained relatively stable in a time of a strong economy and little change to the screening workforce's pay. Before

March 2020, attrition remained on a similar track; however, from that point forward, separations declined significantly.

TSA also looks at new-hire retention rates because the percentage of new-hire employees who remain employed for at least 1 year is an important indicator of overall organizational health. Historically, TSA has experienced difficulties in retaining new hires given scheduling and job-fit issues, in addition to normal competition with other employers. For the past 4 years, TSA has seen some improvements in this area as shown in **Figure 2** below.

Figure 2: New-Hire Retention Chart

Fiscal Year	New-Hire Retention Rates¹
2017	68.6%
2018	70.1%
2019	71.4%
2020	74.7%

As a result of these improvements, TSOs were removed from a “high-risk occupations list” produced by the Office of Personnel Management and the U.S. Government Accountability Office in December 2020. This increase in retention rates likely is related to improvements made with the realistic job preview given to applicants and to implementation of the first phase of TSO Career Progression. TSA plans to continue to monitor this metric with the belief that the new pay initiatives also will increase new-hire retention.

¹ Retention rates will change as employees separate.

V. Conclusion

TSA strongly believes that incorporating these pay initiatives will help to counter economic drivers, such as private-sector minimum wage increases, removal of pay progression disparity concerns, and improvement to overall workforce retention. To monitor the effect of these initiatives, TSA will provide updated new-hire retention and overall TSO attrition rates in the quarterly reports going forward. TSA believes that monitoring these rates quarterly will help to determine whether the initiatives are working or whether they need to be adjusted because of unforeseen issues that may arise.

Specifically, TSO Service Pay provides a steady and transparent growth in compensation by recognizing the TSO's tenure with TSA. The next phase of TSO Career Progression provides an increase in pay to a subset of TSOs who successfully complete certain advanced skills training and who take on additional responsibilities. Model Officer Recognition allows TSA to recognize TSOs with monetary and nonmonetary awards for their ongoing contributions to the mission, as well as with pay increases beginning in 2022.

These initiatives require sustained funding, which the Department is committed to incorporating within its future budgetary requests. As these initiatives take hold over the next several years, TSA expects to see correlating improvements to screening workforce retention, experience, skill, and satisfaction.

Appendix: Abbreviations

Abbreviation	Definition
COVID-19	Coronavirus Disease 2019
DHS	Department of Homeland Security
FY	Fiscal Year
Q3	Third Quarter
TSA	Transportation Security Administration
TSO	Transportation Security Officer