



Screening Workforce Pay Strategy—Retention

Second Quarter, Fiscal Year 2022

September 9, 2022

Fiscal Year 2022 Report to Congress



**Homeland
Security**

Transportation Security Administration

Message from the Administrator

September 9, 2022

I am pleased to present the following report, “Screening Workforce Pay Strategy—Retention,” for the second quarter of Fiscal Year (FY) 2022, which was prepared by the Transportation Security Administration (TSA).

This report was compiled pursuant to direction in the Joint Explanatory Statement that accompanies the FY 2022 Department of Homeland Security (DHS) Appropriations Act (P.L. 117-103). 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
Acting Administrator



Executive Summary

TSA implemented 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. In 2021, TSA implemented TSO Service Pay, Model Officer Recognition, and the next phase of TSO Career Progression. These initiatives provide monetary and nonmonetary awards and pay increase opportunities.

This report provides the status of those initiatives and their effects on TSO retention levels for the second quarter of FY 2022, including most notably:

- TSA processed more than 1,400 pay increases associated with TSO Service Pay.
- More than 5,100 TSOs received a monetary award, totaling more than \$1.1 million.
- 808 TSOs received a pay increase associated with the latest phase of TSO Career Progression, totaling more than \$1.5 million.

The Coronavirus Disease 2019 pandemic's effect on the economy and labor market has affected TSA attrition levels, resulting in a significant decrease in attrition rates following the onset of the pandemic, followed by steadily increasing rates as the economy has recovered and labor market competition has increased. TSA is optimistic that these pay initiatives have a positive effect on TSO retention levels, but anticipates that changes to the labor market will require further adjustment of investments in the TSO workforce to remain competitive with other employers.

Historically, TSA employees received limited pay progression because of budget constraints. Pay initiatives outlined in this report aim to partially compensate TSA employees at a level commensurate with the tremendous responsibility that they have for the security of our transportation systems, and are an important initial step in addressing workforce compensation issues. However, the lack of equitable compensation in this area, particularly as compared to other Federal Government employees and compounded by years of insufficient pay progression, impedes TSA's ability to meet mission requirements in recruiting and retaining employees.

TSA has developed a pay equity plan to achieve a level of compensation that is commensurate with its counterparts on the General Schedule pay scale. The method used for pay conversion in the TSA pay equity plan is the same method for conversion under H.R. 903/S. 1856, Rights for the TSA Workforce Act of 2021.¹ The President's FY 2023 Budget submission to Congress included \$870.9 million to fund the pay equity plan. If Congress approves the budget as submitted, TSA plans to implement the pay equity plan within 90 days of receiving the appropriation.

¹ H.R. 903, Rights for the TSA Workforce Act of 2021 was passed by the U.S. House of Representatives on May 12, 2022, and is pending before the U.S. Senate.



Screening Workforce Pay Strategy—Retention Second Quarter, Fiscal Year 2022

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I. Legislative Language

This document was compiled pursuant to direction in the Joint Explanatory Statement that accompanies the Fiscal Year (FY) 2022 Department of Homeland Security (DHS) Appropriations Act (P.L. 117-103), which states:

Screening Workforce Pay Strategy. —TSA is directed to provide the Committees a quarterly report on pay reform efforts and the subsequent effect on TSO retention levels.

II. Background

As discussed in previous reports, the Transportation Security Administration (TSA) recognizes the need to provide its screening workforce with pay that attracts talented new recruits and that retains 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 receive 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.
- **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 in 2021 remains ongoing, providing 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. During the second quarter of FY 2022, TSA made more than 800 selections under the latest phase of TSO Career Progression. Since 2021, more than 2,900 employees were selected for this pay increase.
- **Model Officer Recognition:** TSA developed a Model Officer Recognition program to identify and reward top TSOs in all pay bands for their ongoing contributions to the mission. TSOs selected for this recognition will receive monetary and/or nonmonetary awards and, for some, pay increases in FY 2022. TSA completed the second quarter payouts for Model Officer Recognition resulting in more than 5,100 monetary awards totaling more than \$1.1 million.

These initiatives require sustained funding, which DHS is committed to include in future budgetary requests; however, additional funding is necessary to continue improving the compensation framework for TSA overall and for providing pay and pay progression commensurate with other Federal Government employees. To that end, \$870.9 million was included in the President's FY 2023 Budget submission to Congress to support the TSA pay equity plan. The Administration also requested \$121 million in costs associated with transitioning to a collective bargaining environment and the associated reforms. If Congress approves the budget as submitted, TSA plans to implement the pay equity plan within 90 days of receiving the appropriation. With the exception of some or all of the Model Officer Recognition, the pay initiatives discussed in this report would be discontinued.

III. Status of Initiatives

Although TSA has implemented these new initiatives, it will take time to see their effect on TSO retention levels. The status of each initiative is described below.

TSO Service Pay

TSO Service Pay provides predictable annual salary increases that acknowledge enhanced experience and skill mastery. TSA was appropriated, as requested, \$72.6 million for TSO Service Pay in FY 2022. Approximately \$47 million of this funding annualizes the first round of pay increases provided to TSOs in FY 2021. During the second quarter of FY 2022, TSA has processed more than 1,400 additional TSO Service Pay increases.

TSA processed more than 25,000 additional pay increases associated with TSO Service Pay in May 2022—1 year following the first pay increase—for the vast majority of the workforce. These pay increases, in addition to those scheduled over the course of the remainder of the year, are on track to execute the remaining \$25.1 million of appropriated funding for this program.

TSA communicated this initiative to the workforce through a variety of means focusing 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 pay progression with the long-term value of a career with TSA. TSA also highlighted the number and amount of pay increases available 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 second phase of TSO Career Progression 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 second phase of TSO Career Progression began implementation in early 2021. Appropriations in FY 2021 provided \$11.3 million in funding to support the next phase of TSO Career Progression, which applies to select E-band TSOs who successfully complete certain advanced skills training and who take on additional responsibilities. Funding for FY 2022 was annualized at the \$11.3 million level as requested and no funding beyond this level is planned.

The E-band pay increase provides a one-time pay increase of 5 percent for a significant number of E-band TSOs who apply and compete for it. Through the second quarter of FY 2022, TSA has made more than 800 selections for the program. This has resulted in almost \$1.5 million in annualized additional pay expenditures for FY 2022 and projected expenditures for FY 2022

totaling approximately \$6 million. TSA continues to make selections for the E-band pay increase as it works to full execution levels and expenditures will increase accordingly.

Model Officer Recognition

As part of these initiatives, TSOs are recognized formally every quarter for their contributions and achievements through a structured process called Model Officer Recognition. Through the second quarter of FY 2022, TSA processed more than 5,100 Model Officer Recognition monetary awards, totaling more than \$1.1 million. TSA plans to spend \$6.1 million in Model Officer Recognition in FY 2022 and is on track to expend all funds. Funding is provided out of the overall TSO personnel compensation and benefits appropriation.

On October 1, 2022, Model Officer Recognition will move from a calendar year to a fiscal year program to align better with how TSA generates operational reports. As a result, in FY 2022, recognition will be awarded for three quarters instead of for four, beginning on January 1, 2022, and ending on September 30, 2022, for both monetary and nonmonetary awards, and for pay increase considerations.

Pay 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 TSOs within a hub/spoke. The criteria for this award are based on the following factors:

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

The first Model Officer Recognition pay increases (recognizing 2021 contributions and achievements) are planned to occur in the third quarter of FY 2022 with funding provided from the overall TSO personnel compensation and benefits appropriation.

These three pay initiatives—focused on rewarding experience, skills development, and ongoing contributions to the mission—work to ensure that TSOs have a realistic and predictable path to pay progression. However, they are not enough. TSA's pay equity plan achieves a level of compensation that is commensurate with our employee's counterparts on the General Schedule (GS) pay scale and that holistically addresses compensation issues at TSA. The President's Budget for FY 2023 includes \$870.9 million to fund the pay equity plan.

IV. Analysis of Initiatives' Effects

TSA continues to experience hiring challenges, such as private-sector labor market rates (particularly those imposed by airport authorities), when trying to compete in local labor markets. As the economy recovers from the Coronavirus Disease 2019 pandemic, TSA, along with other elements of the aviation industry, is seeing hiring competition increase significantly.

Although TSA experienced less attrition in the screening workforce over the past year than prior to the pandemic, sufficient data is not yet available to analyze the effect of pay initiatives on TSO retention levels. In addition, the pandemic's effects on the labor market make it difficult to correlate the implementation of these new pay initiatives with decreased attrition.

In addition to the pay initiatives, TSA took the following actions, which have helped to reduce attrition:

- Increased focus on full-time hiring,
- Provided contributions to health benefit premiums for part-time employees, like their full-time counterparts,
- Improved communication in the hiring process to explain clearly what the TSO position entails,
- Improved overall employee readiness, and
- Renewed leadership focus on workforce morale.

A robust economic recovery, increases to minimum wage rates, and other recruitment and retention challenges complicate improvements in these areas. Previous experience—and other efforts to improve TSA employee engagement—show that workforce response to reforms takes time to understand.

TSA is optimistic that TSO Service Pay, the next phase of TSO Career Progression, and Model Officer Recognition will improve retention. **Figure 1** shows 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
2018	17.3%
2019	17.0%
2020	13.6%
2021	14.1%

Between FY 2018 and 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, likely because of the pandemic.

TSA also looks at new-hire retention rates because the percentage of new hires 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**.

Figure 2: New-Hire Retention

Fiscal Year	New-Hire Retention Rates
2018	70.1%
2019	71.4%
2020	74.7%
2021	86.9%

Part of the improvement in new-hire retention rates for FY 2021 likely is related to recruitment incentives that TSA provided to support hiring in today’s highly competitive labor market. These recruitment incentives, ranging from \$1,000 to \$5,000 and in place nationwide to support TSO hiring, require a 1-year service agreement for new hires. TSA will continue to monitor this metric to see if the new pay initiatives also increase new-hire retention rates.

V. Conclusion

TSA believes that these pay initiatives helped to counter economic drivers, such as private-sector minimum wage increases, minimized pay progression disparity concerns, and improved overall workforce retention. TSA will provide updated new-hire retention and overall TSO attrition rates in future quarterly reports to monitor the effect of these initiatives. Monitoring these rates will help TSA to determine how well the initiatives are working and if they need to be adjusted.

TSO Service Pay provides steady and transparent growth in compensation by recognizing a TSO's tenure with TSA. The second phase of TSO Career Progression provides an increase in pay to 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 the third quarter of FY 2022.

These initiatives require sustained funding, which DHS is committed to include in future budgetary requests; however, additional funding is necessary to continue to improve TSO compensation levels. The lack of equitable compensation in this area, compounded by years of insufficient pay progression, impedes TSA's ability to meet mission requirements in the recruitment and retention of employees.

TSA has developed a pay equity plan to achieve a level of compensation commensurate with its counterparts on the GS pay scale. The \$870.9 million to fund the plan was submitted to Congress as part of the President's FY 2023 Budget. Provided that funding is appropriated by Congress, TSA can implement the pay equity plan under its existing Aviation and Transportation Security Act authorities (targeting implementation within 90 days of receiving the appropriation).

Appendix: Abbreviations

Abbreviation	Definition
DHS	Department of Homeland Security
FY	Fiscal Year
GS	General Schedule
TSA	Transportation Security Administration
TSO	Transportation Security Officer