



Screening Workforce Pay Strategy—Retention

Fourth Quarter, Fiscal Year 2022

June 9, 2023

Fiscal Year 2022 Report to Congress



**Homeland
Security**

Transportation Security Administration

Message from the Administrator

June 9, 2023

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

This report was compiled under direction in the Joint Explanatory Statement that accompanies the FY 2022 Department of Homeland Security (DHS) Appropriations Act (P.L. 117-103). It discusses the pay initiatives TSA utilized in FY 2022 while TSA sought additional funding to support critically needed pay equity, which has been my top priority and is essential to recruit and retain our screening workforce moving forward.



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

The Honorable Dave Joyce
Chair, House Appropriations Subcommittee on Homeland Security

The Honorable Henry Cuellar
Ranking Member, House Appropriations Subcommittee on Homeland Security

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

The Honorable Katie Britt
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,

A handwritten signature in black ink that reads "David P. Pekoske". The signature is written in a cursive, slightly slanted style.

David P. Pekoske
Administrator

Executive Summary

“Commit to our People” is one of TSA’s strategic priorities, recognizing that TSA’s most important assets are the dedicated professionals securing our Nation’s transportation system. TSA strives to foster a diverse, inclusive, and transparent work environment to cultivate a skilled workforce that is prepared and equipped to meet the challenges of tomorrow. The pay gap between TSA’s workforce – particularly those on the frontline – and their counterparts in the rest of the Federal Government has been the most significant barrier to executing this priority. The majority of TSA employees are currently paid approximately 30 percent below their counterparts within the Federal Government and are trailing aviation-related jobs in the private sector, all during a tight labor market. Appropriately compensating TSA employees is essential to improving morale, hiring, and retention. TSA is pleased and grateful that Congress passed, and President Biden signed into law, funding for pay equity (as described below), to ensure that TSA employees are paid comparable to their counterparts at other federal agencies, starting in July 2023.

In FY 2022, TSA continued to implement three pay initiatives for its screening workforce with appropriated funds from the FY 2021 DHS Appropriations Act (P.L. 116-260)—Transportation Security Officer (TSO) Service Pay, Model Officer Recognition, and the next phase of TSO Career Progression. These initiatives provide monetary and non-monetary awards and pay increase opportunities. However, they have not been enough to address the drawbacks of TSA’s current overall compensation structure, which does not adequately address pay progression, and has impeded TSA’s ability to meet mission requirements in recruiting and retaining employees.

Obtaining funding for pay equity has been critically important to ensure that TSA can hire and retain its workforce, as well as fairly compensate our employees who have critical national security roles. The FY 2023 appropriated funding will allow TSA to implement its pay equity plan and ensure comparability for TSA employees with their federal counterparts. It should also address longstanding issues in the area of compensation on the Federal Employee Viewpoint Survey, and pave the way for long-term focus on career development for all TSA employees.

This report provides the status of the three pay initiatives and their effects on TSO retention levels for the fourth quarter and the entirety of FY 2022.

Fourth Quarter Totals

- TSA processed 2,517 pay increases associated with TSO Service Pay.
- A total of 583 TSOs received a pay increase in the latest phase of TSO Career Progression, totaling more than \$1 million.
- More than 4,600 TSOs received a monetary award under Model Officer Recognition, totaling more than \$1.3 million.

FY 2022 Totals

- TSA processed more than 34,000 pay increases associated with TSO Service Pay, totaling more than \$25.3 million.
- A total of 3,386 TSOs received a pay increase in the latest phase of TSO Career Progression, totaling more than \$6.2 million.

- More than 17,000 TSOs received a monetary award under Model Officer Recognition, totaling more than \$4.7 million.
- A total of 2,478 TSOs received a pay increase under Model Officer Recognition, totaling more than \$1.7 million.

In both FY 2021 and FY 2022, TSA experienced less attrition in the screening workforce than prior to the Coronavirus Disease 2019 pandemic, likely because of its effect on the economy. As the economy begins to recover, more opportunities have become available as recent FY 2022 economist reports reflect that there are two job openings for every unemployed American worker¹. As a result, workers have ample choices in the job market, highlighting the drawbacks of TSA's current compensation structure and the importance of TSA's pay equity plan, which, starting in July 2023, will compensate the TSA workforce commensurate with their counterparts on the General Schedule pay scale. Equity with other federal agencies in this area, for both starting pay and longevity-based progression, is necessary for TSA to be competitive with other federal employers and to continue to carry out its critical security mission effectively.

¹ Nate DiCamillo, "There are Two Open Jobs for Every Unemployed American," *Finance and Investing*, February 1, 2022.



Screening Workforce Pay Strategy—Retention Fourth 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. 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 second 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. Since 2021, more than 3,300 employees were selected for this pay increase. During the fourth quarter of FY 2022, TSA made more than 500 selections under the latest phase of TSO Career Progression, totaling more than \$1 million.
- **Model Officer Recognition:** TSA developed a Model Officer Recognition (MOR) program to identify and reward top TSOs in all pay bands for their ongoing contributions to the mission. TSOs selected for this recognition received monetary and/or nonmonetary awards and, for some, pay increases in the third quarter of FY 2022. TSA completed all quarterly payouts for MOR awards in FY 2022. During the fourth quarter, more than 4,600 monetary awards were processed, totaling more than \$1.3 million. Additionally, more than 2,400 employees received a MOR pay increase, totaling more than \$1.7 million in the third quarter of FY 2022.

Additional funding was 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, funding was included in the President's FY 2023 Budget submission to Congress to support the TSA pay equity plan, which Congress approved. On December 29, 2022, the President signed into law the Consolidated Appropriations Act for FY 2023, which included funding for pay equity for TSA employees to begin in July 2023. With the exception of quarterly awards in the MOR program, the pay initiatives discussed in this report will be discontinued as TSA transitions to this new compensation structure.

III. Status of Initiatives

The status of each initiative is described below. With the exception of MOR awards, these pay initiatives will cease once pay equity is implemented in July 2023.

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 annualized the first round of pay increases provided to TSOs in FY 2021.

In FY 2022, TSA processed more than 34,000 pay increases associated with TSO Service Pay. These pay increases executed all appropriated funding for this program. During the fourth quarter of FY 2022, TSA processed more than 2,500 additional TSO Service Pay increases.

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 are able 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, followed by a promotion to E-band after an additional year.

TSA began implementing the second phase of this initiative in early 2021. Appropriations in FY 2021 provided \$11.3 million to support this 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 competitively apply for it. In the fourth quarter of FY 2022, TSA made more than 580 selections for the program. TSA continues to make selections for the E-band pay increase as it works to fulfill execution levels.

Model Officer Recognition

TSOs are recognized formally every quarter for their contributions and achievements through a structured process called MOR. During the fourth quarter of FY 2022, TSA processed more than 4,600 MOR monetary awards, totaling more than \$1.3 million. Funding is provided out of the overall TSO personnel compensation and benefits appropriation.

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 MOR pay increases (recognizing 2021 contributions and achievements) occurred in the third quarter of FY 2022. In FY 2022, more than 2,400 employees received a MOR pay increase, totaling more than \$1.7 million.

IV. Analysis of Initiatives' Effects

TSA continues to experience hiring challenges, due in large part to historically limited pay progression and a lack of equitable compensation as compared to its Federal Government counterparts. While the pay initiatives outlined in this report are helpful, they have not been enough. TSA's pay equity plan, which will be implemented in July 2023, is designed to address the hiring challenges and lack of equitable compensation by:

- Raising entry-level wage rates to those equitable to entry-level General Schedule (GS) wage rates,
- Instilling longevity-based pay progression for all employees that is the same as provided to GS employees,
- Providing a credit for current time-in-band at TSA for current TSA employees that allows pay differentiation based on longevity, and
- Recognizing the complexity of the TSO position with enhanced career progression acknowledging skill development and mastery.

Although TSA experienced less attrition in the screening workforce over the past year than prior to the pandemic, the pandemic's effects on the labor market make it difficult to correlate the implementation of these pay initiatives with decreased attrition.

In addition to the pay initiatives, TSA took the following actions, which have helped 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.

While these pay initiatives may have been helpful in improving retention, they are simply not enough. The workforce acknowledges these efforts, through emails to the TSA Administrator, town hall comments and questions, and internal internet-based feedback, but are quick to point out that their compensation as compared to other federal employees is simply not equitable. Pay equity is essential to address TSA's staffing challenges.

Figure 1 shows annualized attrition of the screening workforce over the past 5 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%
2022	11.8%

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 5 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%
2022	83.0%

Part of the improvement in new-hire retention rates over the past 2 years 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 (TSO Service Pay, TSO Career Progression, and Model Officer Recognition) helped to somewhat counter economic drivers, such as private-sector minimum wage increases. TSO Service Pay has provided steady and transparent growth in compensation by recognizing a TSO's tenure with TSA. The second phase of TSO Career Progression has provided an increase in pay to TSOs who successfully complete certain advanced skills training and who take on additional responsibilities. MOR has allowed TSA to recognize TSOs with monetary and nonmonetary awards for their ongoing contributions to the mission and, for some, pay increases.

However, as noted in this report, these three initiatives have not been enough. Pay equity has been necessary to address hiring and retention challenges, as well as to compensate TSA employees comparable to their counterparts at other federal agencies. To that end, on December 29, 2022, the President signed into law the Consolidated Appropriations Act for Fiscal Year 2023, which included funding for pay equity for TSA employees to begin in July 2023. This new funding will allow TSA to successfully implement its pay equity plan correcting years of longstanding pay issues by ensuring comparability for TSA employees with their federal counterparts, addressing longstanding issues in the area of compensation on the Federal Employee Viewpoint Survey, and paving the way for long-term focus on career development for all TSA employees.

With the exception of the quarterly awards in the MOR program, the pay initiatives discussed in this report will be discontinued as TSA transitions to this new compensation structure in July 2023.

Appendix: Abbreviations

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