



Screening Workforce Pay Strategy—Retention

First Quarter, Fiscal Year 2021

May 7, 2021

Fiscal Year 2021 Report to Congress



Homeland
Security

Transportation Security Administration

Message from the Senior Official Performing the Duties of the Administrator

May 7, 2021

I am pleased to present the following report, “Screening Workforce Pay Strategy—Retention,” which has been prepared by the Transportation Security Administration (TSA).

This report 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). 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,

Darby LaJoye
Senior Official Performing the Duties of the Administrator

Executive Summary

The FY 2021 DHS Appropriations Act (P.L. 116-260) appropriated funds to support new pay initiatives for TSA's screening workforce beginning in mid-2021. Given the complexities of screener duties and responsibilities, pay policies must allow for recognition of Transportation Security Officer (TSO) mission contributions, skills, performance, and tenure with TSA. With this recent appropriation, TSA is implementing several initiatives to recognize its screening workforce, including a Model Officer Recognition program, TSO Service Pay, and the next phase of TSO Career Progression; these initiatives provide monetary and nonmonetary awards, as well as pay-increase opportunities.

This report is the first in a series on the effects of pay reform on TSO retention levels. As these pay initiatives are implemented, TSA is optimistic that they will increase screening workforce retention levels, resulting in a more skilled and experienced workforce.



Screening Workforce Pay Strategy—Retention

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I. Legislative Language

This document has been 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

TSA recognizes the need to provide its screening workforce with pay that attracts talented new recruits and retains dedicated, skilled workers. To that end, the Aviation and Transportation Security Act (ATSA) provides TSA with significant flexibility to develop its compensation structure and to provide appropriate pay to transportation security officers (TSO) for their work.

Historically, TSA has experienced high levels of attrition with the screening workforce. Reviews of transportation security officer (TSO) compensation have found that the past compensation strategy did not provide sufficient career or pay progression for TSOs, contributing to high turnover and low morale. In 2019, TSA commissioned a Blue Ribbon Panel of public- and private-sector human capital experts to review TSA's human capital policies and systems. The panel's final report noted that pay was a primary driver for dissatisfaction among the screening workforce and recommended that TSA take more advantage of ATSA authorities to manage pay.

TSA has developed and is implementing several new initiatives to help to address concerns with TSO pay, as well as to provide predictable pay progression, to ensure the availability of opportunities for career growth, and to improve employee recognition. These initiatives include the following:

- **TSO Service Pay** will provide predictable annual salary increases that acknowledge enhanced experience and skill mastery. TSOs in E, F, and G bands will 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** establishes a clearly defined career path with pay increases tied to enhanced skills and training. 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 being implemented this year will provide a one-time pay increase for a significant number of E band TSOs who are selected competitively on the basis of their ability to perform duties of greater complexity with more independence.
- **Model Officer Recognition** was reestablished in January 2021. This program identifies and rewards TSA's 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 Model Officer Recognition will receive monetary and/or nonmonetary awards this calendar year and pay increases in 2022.

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

III. Current Status

As funding has been appropriated only recently, TSA still is in the process of implementing these new initiatives. As such, it will take time for the impact of the compensation strategy to affect TSO retention levels significantly. The implementation status of each initiative follows.

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 plans to process and pay the first round of increases associated with TSO Service Pay in April 2021. TSA has 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 out their personal pay progression and to associate the long-term value of a career with TSA.

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 of TSO Career Progression by providing increased compensation for E band TSOs who demonstrate increased skills and the ability to operate more independently.

The Phase 2 E band pay increase will provide a one-time pay increase of 5 percent for a significant number of E band TSOs beginning in spring 2021. Employees must apply to and compete for the program. In addition, they must have completed certain advanced training courses within a year of being selected for and receiving the salary increase.

Model Officer Recognition

Our Model Officer Recognition initiative was suspended temporarily in early 2020 because of the impact 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 will be recognized formally every quarter for their contributions and achievements. The first round of monetary and nonmonetary awards will be granted in spring 2021. Model Officer pay increases, which will reflect the time period of 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 on the basis of criteria oriented around five core values:

- Technical Application
- Availability
- Core Values
- Teamwork
- Command Presence

These three initiatives—focus on rewarding experience, skill development, and ongoing contributions to the mission—will work to ensure that all employees have a realistic and predictable path to pay progression. The established process for granting these awards and pay increases is transparent to the workforce and involves a selection board that is representative of a diverse group of leaders at different levels to ensure diversity of opinion.

IV. Analysis

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 the TSO’s nontraditional work schedules and 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.

Given that TSA just has implemented many of these pay reforms, data are not yet available to analyze the effect of pay reform on TSO retention levels. This is partly because the COVID-19 pandemic is affecting TSA’s ability to correlate the implementation of pay initiatives with decreased attrition. TSA has experienced significantly less attrition than normal in the screening workforce over the past year due to the pandemic’s effect on the economy and labor market. Previous and continued efforts that helped to reduce attrition—such as increased focus on full-time hiring, greater contributions to part-time employee health benefit premiums, improving 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—have led to meaningful results in this area; however, the robustness of the economic recovery, increases to minimum wage rates, and other recruitment and retention challenges complicate improvements in these areas. Previous experiences in this area—as well as with other efforts to improve TSA employee engagement—have shown that the workforce response to reforms takes time to understand and cannot be understood fully at the inception of an initiative.

TSA does expect attrition to at least approach 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%

Between FY 2017 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.

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 metric in assessing 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 Rates
2017	68.6%
2018	70.1%
2019	75.7%
2020	79.7%

As a result of these improvements, TSOs were removed from a “high-risk occupations list” produced by the Office of Personnel Management/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 the implementation of the first phase of the 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.

V. Conclusion

TSA strongly believes that incorporating these pay initiatives will help to counter economic drivers, such as private-sector minimum wage increases, to remove pay progression disparity concerns, and to improve overall workforce retention. To monitor the impact 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 assist with determining if the aforementioned initiatives are working and with adjusting to any unforeseen issues that may arise.

Specifically, TSO Service Pay will provide a steady and transparent growth in compensation by recognizing the TSO's tenure with TSA. The next phase of TSO Career Progression will provide 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
ATSA	Aviation and Transportation Security Act
COVID-19	Coronavirus Disease 2019
DHS	Department of Homeland Security
FY	Fiscal Year
TSA	Transportation Security Administration
TSO	Transportation Security Officer