



Screening Workforce Pay Strategy—Retention

Third Quarter, Fiscal Year 2022

November 10, 2022

Fiscal Year 2022 Report to Congress



**Homeland
Security**

Transportation Security Administration

Message from the Administrator

November 10, 2022

I am pleased to present the following report, “Screening Workforce Pay Strategy—Retention,” for the third 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 current pay initiatives and the need for additional funding to support pay equity with the rest of the Federal Government for all TSA employees. Doing so is 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 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,

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 frontline workforce and their counterparts in the rest of the Federal Government remains the most significant barrier to executing this priority. TSA employees are paid well below their counterparts within the Federal Government and this exasperates competition for employees in an already tight labor market. Because of the lack of pay progression, members of the screening workforce would see on average a 30-percent pay increase and a commitment to longevity-based pay raises moving forward. Implementation will allow TSA employees pay equity commensurate with their federal employee peers and will catch TSA’s wage rates up to pay with aviation-related jobs in the private sector.

Given the complexities of the duties and responsibilities of Transportation Security Officers (TSO), pay policies must recognize TSO mission contributions, skills, performance, and tenure. TSA implemented several new pay initiatives for its screening workforce with appropriated funds from the FY 2021 DHS Appropriations Act (P.L. 116-260)—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 third quarter of FY 2022, including most notably:

- TSA processed 28,273 pay increases associated with TSO Service Pay.
- A total of 876 TSOs received a pay increase in the latest phase of TSO Career Progression, totaling more than \$1.6 million.
- More than 3,900 TSOs received a monetary award under Model Officer Recognition, totaling more than \$1.1 million.
- A total of 2,478 employees received a pay increase under Model Officer Recognition, totaling more than \$1.7 million.

In FY 2021, TSA experienced less attrition in the screening workforce than prior to the Coronavirus Disease 2019 pandemic, which likely was because of the effect on the economy. This dynamic has changed in FY 2022 with the labor market as recent economist reports reflect that currently there are two job openings for every unemployed American worker.¹ These dynamics amount to ample choices for workers in the job market, highlighting the drawbacks of TSA’s current compensation structure and funding to support workforce pay. Equity with other federal agencies in this area, with regard to both starting pay and longevity-based progression, is even more critical in these economic times to allow TSA to remain competitive in its competition with other employers for a shrinking pool of qualified candidates for employment.

¹U.S Bureau of Labor Statistics, www.bls.gov

TSA is optimistic that the pay initiatives currently in place will have a positive effect on TSO retention levels but they are simply not enough. Changes to the labor market require further adjustment of investments in the TSO workforce to remain competitive with other employers. TSA's pay equity plan accomplishes this by providing pay commensurate with its counterparts on the General Schedule (GS) pay scale.

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 GS pay scale. The method used for pay conversion in the TSA pay equity plan is the same method for conversion under H.R. 903, Rights for the TSA Workforce Act of 2021, which passed the U.S. House of Representatives on May 12, 2022, and is now under consideration by the U.S. Senate. 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.



Screening Workforce Pay Strategy—Retention Third 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 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 third quarter of FY 2022, TSA made more than 800 selections under the latest phase of TSO Career Progression totaling more than \$1.6 million. Since 2021, more than 3,300 employees were selected for this pay increase.
- **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 will receive monetary and/or nonmonetary awards and, for some, pay increases in the third quarter of FY 2022. TSA completed the first three quarterly payouts for MOR awards in FY 2022. During the third quarter, more than 3,900 monetary awards were processed, totaling more than \$1.1 million. Additionally, more than 2,400 employees received an MOR pay increase totaling more than \$1.7 million for FY 2022.

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. 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 MOR program, 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 third quarter of FY 2022, TSA has processed more than 28,000 additional TSO Service Pay increases.

By the fourth quarter of FY 2022, TSA is expected to process more than 30,000 pay increases associated with TSO Service Pay 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 balance of the \$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 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 third quarter of FY 2022, TSA made more than 800 selections for the program. This has resulted in more than \$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 MOR. Through the third quarter of FY 2022, TSA processed more than 3,900 MOR monetary awards, totaling more than \$1.1 million. TSA plans to spend \$6.1 million in MOR in FY 2022 and is on track to expend all funds. 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 with funding provided from the overall TSO personnel compensation and benefits appropriation. In FY 2022, more than 2,400 employees received an MOR pay increase, totaling more than \$1.7 million.

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 its employees' 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 wage rates (particularly those imposed by airport authorities). TSA employees also suffer from dissimilar pay progression as compared to other Federal Government employees, which hurts TSA's ability to recruit and retain employees. TSA's pay equity plan, as proposed in the FY 2023 President's Budget, addresses these deficiencies fourfold: (1) raising entry wage rates to those equitable to entry-level GS wage rates, (2) instilling longevity-based pay progression for all employees that is the same provided to GS employees and comparable to that provided by many private-sector employers, (3) providing a credit for time at TSA for current TSA employees that allows pay differentiation based on longevity, and (4) 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, 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 MOR will improve retention as these pay initiatives are not guaranteed and target only a segment of the workforce, which adds to TSAs current pay inequality. Initial indications show that these efforts alone are 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 employers is simply not equitable.

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. However, because of the lack of overall equitable compensation in this area, particularly as compared to other Federal Government employees, TSA may not see planned employee retention improvements. On the other hand, addressing pay to provide equity with other federal employees should have a much more significant effect. 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 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. MOR allows TSA to recognize TSOs with monetary and nonmonetary awards for their ongoing contributions to the mission, as well as with pay increases 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
MOR	Model Officer Recognition
TSA	Transportation Security Administration
TSO	Transportation Security Officer