

**Statement of Mr. Charles Barclay, A.A.E.  
On Behalf Of  
The American Association of Airport Executives/Airports Council International-North America  
Senate Commerce Committee Hearing  
FY 2006 Budget Request for the Transportation Security Administration  
April 26, 2005**

Thank you for the opportunity to share with the committee the views of the airport community on the President's fiscal year 2006 budget request for the Transportation Security Administration. I am testifying today on behalf of the American Association of Airport Executives (AAAE), Airports Council International – North America (ACI-NA), and our Airport Legislative Alliance, a joint legislative advocacy organization. AAAE represents the men and women who manage primary, commercial service, reliever, and general aviation airports. ACI-NA represents local, regional and state governing bodies that own and operate commercial airports in the United States, and Canada.

Before moving to some of our specific thoughts and concerns on the TSA budget, I would be remiss if I didn't take the opportunity to tell you how delighted we are to be working with you, Chairman Stevens, as well as with Senator Inouye and the other distinguished members of this committee during this Congress to address the wide range of challenges facing the aviation industry. The depth of experience, particularly on the part of the chairman and ranking member of this committee, is unparalleled, and we look forward to having those talents at work on the important issues before us all.

I also want to commend you, Mr. Chairman, for focusing attention on the TSA budget so early in the process. In a world of limited resources, it is absolutely critical that the TSA establish priorities within its budget that enable the agency to meet its core mission, offer the greatest benefits in terms of enhanced security, and effectively utilize taxpayer dollars. At a recent hearing before the Senate Homeland Security and Governmental Affairs Committee, Chairman Stevens, you said that the Department of Homeland Security needed to focus on doing more with the resources it has been given rather than relying on ever increasing budget allocations. Recognizing that there are limits to the amount of funding DHS and TSA will receive, it is imperative that TSA's provision of aviation services be made more efficient. Unfortunately, the President's fiscal year 2006 budget does not meet this test. It remains silent on the critical issue of more efficiently managing checked baggage screening, it reduces the general fund support available for aviation security, and proposes to pass along a \$1.5 billion bill to the travelers who use our nation's airports.

The airport community, backed by a recommendation of the 9/11 Commission, continues to believe that TSA can realize important savings if they would quickly move forward with the permanent installation of in-line explosive detection equipment in airports. Other personnel savings can be achieved through the rapid development, certification, and deployment of new technology. More can be done to focus on dangerous people rather than dangerous things so that the most effective screening takes place before a suspect individual ever has access to critical transportation assets. More can be done also by reducing the TSA's plethora of non-screening, overhead, liaison, and regulatory personnel who occupy offices at just about every commercial airport in the U.S. and some international locations as well. TSA and the department can also avoid unnecessary duplication and costly delays on key programs like Registered Traveler by working more closely with its industry partners.

Additionally, TSA can be more proactive in partnering with airports and deferring to them to address security concerns such as perimeter security and access control, for which local airport operators have superior expertise and experience as well as ongoing responsibilities. Keeping these traditionally local duties in local hands allows TSA to leverage airport and local resources and enables the agency to better focus on its core missions of baggage and passenger screening and providing intelligence to local law enforcement.

### **EDS Installation: In-Line Systems Enhance Security and Reduce Personnel Requirements**

The greatest area of opportunity in terms of enhanced security and potential long-term TSA budget savings comes from the permanent installation of explosive detection equipment in the nation's airports. In order to meet congressional deadlines to screen all checked baggage placed aboard commercial aircraft, TSA quickly placed thousands of explosive detection system (EDS) and explosive trace detection (ETD) machines in airports across the country. Many of those machines have been placed in airport ticketing lobbies without the kinds of integrated approaches that take maximum advantage of their certified throughputs and alarm reconciliation capabilities. The result, too often, is crowded airport lobbies (a safety and security hazard), major backups at a number of security screening checkpoints, and a huge increase in the number of TSA personnel necessary to operate the equipment.

While virtually everyone agrees that the best solution at many airports is to move EDS equipment from crowded lobbies and place it "in-line" as part of an airport's integrated baggage system, making the necessary changes at airports – reinforcing flooring, electrical upgrades, building new facilities, etc. – are neither easy nor inexpensive. Current cost estimates run in the \$4 billion to \$5 billion range for airports nationwide. These upfront capital costs are modest, however, when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year using today's model. In-line screening, in airports such as Tampa International Airport, has also been shown to reduce the rate of TSA screener on-the-job injuries. The handful of airports that currently have "in-line" baggage systems report that they have paid for themselves with personnel cost reductions in as little as 16 months.

The case of the Lexington Blue-Grass Airport in Lexington, Kentucky, offers a perfect example. In Lexington, a \$3.5 million investment to make the terminal modifications necessary to establish an in-line baggage system instead of the terminal lobby explosive trace detection (ETD) protocol that was offered as an alternative has resulted in annual personnel savings of more than \$3 million. The TSA has been able to use four screeners for the in-line system per shift rather than the 30 that would have been necessary for primary checked bag screening using the ETD configuration. In addition, the in-line EDS option in Lexington allows for reduced congestion in terminal areas, a result that improves security and enhances passenger convenience. Large airports stand ready to achieve even bigger gains. Modeling in San Francisco, for example, shows savings of tens of millions of dollars annually for an in-line EDS solution.

The Government Accountability Office in its February 15 appearance before the committee noted that at the nine airports where the TSA has issued Letters of Intent (LOIs) to begin moving EDS equipment in-line, the agency estimates that the move will save the federal government **\$1.3 billion** over seven years and that TSA will recover its initial investment in in-line systems at those airports in just over a year. GAO further noted that in-line EDS systems at those nine airports will reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage from 6,645 to 1,477.

Through fiscal year 2005, Congress has appropriated \$1.783 billion for EDS-related terminal modifications, although significant portions of those funds were used by TSA on the short-term challenges associated with getting EDS machines in airports to meet the original statutory deadlines. Conservative estimates show that the federal government needs to commit a total of \$4 billion to \$5 billion to get the job done at airports that require these solutions. The federal government has met less than half of that need since September 11.

Unfortunately, the prospects for quickly addressing the existing funding gap remain bleak. The TSA budget request for FY 2006 calls for only \$250 million for EDS installation projects, the amount mandated in law by VISION-100 FAA reauthorization legislation. While \$250 million is certainly a significant amount of money, the fact is that it will allow TSA to move forward at only a handful of airports.

TSA has estimated that roughly \$240.5 million of the \$250 million requested will be used to meet existing commitments at the nine airports covered by the existing eight LOIs with the agency (the LOI for

Los Angeles World Airports covers both Los Angeles International Airport and Ontario International Airport). The \$240.5 figure assume that the agency is allowed once again to ignore provisions in law that require the federal government to pay for 90 percent of the costs of those projects, otherwise it will be much higher.

As you recall, the LOI process allows interested airports to provide immediate funding for key projects with a promise that the federal government will reimburse the airport for those expenses over several years. At Dallas-Fort Worth International Airport, for example, the airport used its strong rating in the financial market to leverage the LOI and to issue bonds to install these systems. This approach takes advantage of professional airport management capabilities and maximizes the use of limited federal resources to ensure that key construction projects get underway as soon as possible.

Under the LOI process, the federal government has committed to reimbursing airports for these projects over a three to five year period. The following lists the LOI airports and the total project cost at those airports:

**LOI Airports**

<b>Airport</b>	<b>Total Cost</b>
Atlanta	\$125 million
Boston Logan	\$116 million
Dallas/Fort Worth	\$139 million
Denver International	\$95 million
Las Vegas McCarran	\$125 million
Los Angeles/Ontario	\$342 million
Phoenix	\$122 million
Seattle/Tacoma	\$212 million
<b>Total LOI Airports:</b>	<b>\$1.276 Billion</b>

Although airports contend that the cost of these projects should be met entirely by the federal government, given its direct responsibility for baggage screening established in law, in light of the national security imperative for doing so, and because of the economic efficiencies of this strategy, airports have agreed to provide a local match of 10 percent in the case of large and medium hubs and 5 percent for smaller airports. We continue to strongly oppose proposals by the Administration to dramatically increase the local share beyond the levels established in VISION-100.

While the projects at those eight airports are necessary, critical, and a top priority, the simple fact of the matter is that incremental installments of \$250 million a year will not get projects started at additional airports in the foreseeable future. Clearly, more resources are needed to address the dozens of other airports that do not currently have LOIs with the TSA. To give the committee an idea of the scope of current needs that exist beyond the LOI airports, we have included the latest data we have from a number of airports that have identified EDS installation as a major challenge facing their facility.

**Airports Currently Without Funding in Place for EDS Installation (With Project Cost Estimate)**

Albuquerque	\$48 million
Anchorage	\$27 million
Biloxi	\$5 million
Bismarck	\$20 million
Bradley	\$35 million
BWI	\$65 million
Charlotte	\$40 million
Chicago Midway/O'Hare	\$90 million
Cincinnati	\$20 million
Cleveland	\$45 million

Colorado Springs	\$15 million
Detroit	\$100 million
Elgin AFB	\$2 million
El Paso	\$15 million
Ft. Lauderdale	\$85 million
Grand Rapids	\$20 million
Guam	\$14 million
Honolulu/Kahului	\$78 million
Houston	\$115 million
Jackson	\$9 million
John Wayne	\$12 million
Kansas City	\$34 million
Memphis	\$42 million
Miami	\$200 million
Milwaukee	\$35 million
Minneapolis/St. Paul	\$30 million
Nashville	\$40 million
Newark	\$99 million
New Orleans	\$14 million
New York LaGuardia	\$98 million
New York JFK	\$250 million
Oakland	\$30 million
Omaha	\$18 million
Orlando	\$140 million
Palm Beach	\$30 million
Panama City	\$10 million
Philadelphia	\$65 million
Portland	\$45 million
Port Columbus	\$22 million
Providence	\$38 million
Raleigh-Durham	\$40 million
Richmond	\$30 million
Rochester	\$10 million
St. Louis	\$90 million
St. Thomas	\$10 million
Salt Lake City	\$20 million
San Antonio	\$40 million
San Diego	\$20 million
San Francisco	\$22 million
San Jose	\$172 million
San Juan	\$130 million
SW Florida	\$28 million
Tampa	\$124 million
Tucson	\$10 million
Washington Dulles	\$121 million
Washington Reagan National	\$52 million
<b>Total:</b>	<b>\$3.019 billion</b>

We believe that there are dozens of additional airports not listed here that have yet to develop comprehensive cost estimates or that have not responded to our requests for information.

Despite these overwhelming needs, the federal government does not yet have a long-term EDS solution at a significant number of airports across the country. The TSA's task has not been made any easier by

opposition from the Office of Management and Budget (OMB) to the issuance of additional LOIs to airports for these projects. It is our sincere hope that OMB will quickly move past what we believe is a short-sighted view of this problem and focus on the long-term benefits that can be achieved by immediately investing to make the terminal modifications necessary to accommodate EDS equipment.

**In-line systems require up-front capital expenditures, but they pay for themselves in short-order through major reductions in personnel costs. This is an example of budget rules that are “penny-wise and pound foolish.”** One need only look to the real-world example of the dozen or so airports where EDS systems have been properly installed to get real examples of the dramatic personnel savings that can be achieved by moving forward with these projects. We appreciate the interest that you and Senator Inouye have shown in this problem, Mr. Chairman, and we look forward to continuing our work together to find creative approaches to addressing the existing EDS installation funding shortfall. Airports stand ready to support the LOI process and airport managers have repeatedly expressed to TSA their ability to accommodate a wide variety of financing options to help the federal government fulfill its responsibility.

Beyond additional resources, we urge TSA to continue its work with airport operators and managers to ensure that proposed solutions and changes are really the best course at an individual facility. Airport professionals understand the configuration and layout of their facilities better than anyone and are uniquely suited to highlight where pitfalls lie and where opportunities exist. In addition, TSA must continue to work with airport operators to optimize the use of limited space in airport facilities and to pay airports for the agency’s use of space in accordance with the law.

Airports are pleased to see funding in the TSA budget request for ongoing maintenance of EDS machines. As the machines age and as their use continues to grow and their warranties expire, it is critical that funding is provided to keep the existing machines in operation and to restore machines that fail.

### **Encouraging Development and Deployment of New Technology**

In addition to investing in necessary infrastructure improvements and maintenance, the federal government needs to look toward the promise of new technology and invest in making those promises a reality. We remain convinced that there are a number of additional applications for new technology to improve baggage screening, for example. The key is for the federal government to encourage innovation in these areas and to make it a priority to investigate and approve new technology as quickly as possible. “On-screen” resolution using EDS equipment, for example, offers great promise in enhancing the efficiency of integrated in-line baggage systems, and the utilization of technology to achieve that goal should be encouraged.

We must also look beyond our borders to learn from the experiences of the rest of the world. In many instances, the goals that we have been discussing over the course of the past several years both in terms of operations and technology are already a reality in many places. We would be wise to study those successes and incorporate best practices where appropriate.

It is our hope that the proposed move of TSA research and development programs to the Science and Technology Directorate will achieve synergies and avoid duplication as the department contends. As this process moves forward, however, we must ensure that research and development efforts are driven by real needs in the field and that efforts to centralize the process do not lead to a disconnect between research and system needs or a dilution of effort.

### **Screening Coordination and Operations Office**

The budget also includes a sweeping proposal to consolidate several critical programs under the Screening Coordination and Operations Office, which is an important and ambitious step toward a more focused approach on terrorist-related screening programs. As pointed out by the 9/11 Commission Report and in the recommendations of Transportation Secretary Mineta’s Aviation Industry Rapid Response

Team, which was formed in the days immediately after the 2001 terrorist attacks, focusing on the *people* who know and can do harm by using our systems against us is the key to both protecting critical transportation assets and maintaining the efficiency that is critical to the aviation industry and the economy.

Verifying and credentialing people who work in and pass through our transportation system and borders is the critical piece in allowing us to beat terrorists at their own game, and so we fully support the goals of the SCO. The key in moving forward will be to develop a common vision and to ensure that information is shared between these conceptually similar yet fundamentally different operations. At the same time, the SCO must design a process that gives members of the traveling public and the industry confidence that privacy rights are protected. This includes a process for allowing workers and travelers falsely identified by one of the systems to clear their names. In addition, these programs must always be managed by industry- and application-specific needs, an outcome made easier by consultation with industry and technology experts.

The programs that are proposed to move from TSA to the newly created SCO have long histories with the aviation industry in development, deployment and daily operations. While gaining consistency through a coordinated SCO is important, we cannot allow centralization or reorganization-related distractions take programs and applications back to the starting line. Our experiences in the past three years have taught us that organizational realignments can stymie progress, so the challenge moving forward will be to ensure that we build upon the work that has been conducted to this point rather than recreate new systems and processes from scratch. The result will be better programs, brought on-line more quickly, at a lower cost.

Additionally, the Department must take advantage of government/industry partnerships as a way of moving programs forward. The Registered Traveler program for frequent fliers is a particular area of opportunity, and it is our hope that DHS will build on existing TSA pilot programs, make them interoperable, and expand them to a broader, standards-based cooperative program working with industry. We owe it to the traveling public to quickly deploy programs that improve security and reduce unnecessary delays. Cooperative approaches can likewise jump-start other long-stove-piped programs. We need more success stories of working together if we are to achieve greater security and improve efficiency and convenience for our citizens when they work and travel.

### **Focusing on TSA's Core Mission**

Given the enormous task that TSA has been given to ensure the security of the nation's transportation system, the agency must rely on its airport partners to continue performing important functions that we have successfully performed for decades such as perimeter security and access control. Airports are organizations owned and operated by state and local governments and, therefore, have the necessary and appropriate incentives to perform security responsibilities at the highest levels. The primary mission of an airport is to establish and maintain a safe and secure environment for travelers and the general public and to serve the community and the national aviation system by encouraging competitive air service. Airports have always been responsible for the safety and security of their facilities and the people who use them, and this will continue to be so.

Despite those facts, we continue to see efforts to expand TSA's mission into areas traditionally performed by airport operators and to expand the regulatory enforcement personnel at airports. This creates a natural conflict of interest by giving a single entity operational and oversight responsibilities. Clearly, there are a number of ways to better utilize limited TSA resources. Our members have been pursuing every opportunity to refine and improve our working relationship with TSA to avoid duplication and to develop more productive working relationships, and we will continue to do so. We firmly believe that these efforts will ensure that limited TSA resources are reserved for other priorities.

### **Additional Fees Should Be Rejected**

While more can be done to enhance the partnership between TSA and the aviation industry, that does not mean that the aviation industry and the traveling public should shoulder the entire burden of paying for aviation security as has been proposed in the President's budget request with the addition of \$1.5 billion in new passenger security fees toward what the budget calls a full "cost-recovery" model for aviation. If enacted, this would set the stage for security fee increases as far as the eye can see. This is totally unacceptable. In addition to adding to the financial woes of an already beleaguered industry, the imposition of new fees ignores the national security implications of aviation security – a fact that was evident on 9/11 – and breaks faith with the commitments the federal government made as part of the Aviation and Transportation Security Act to assume responsibility for passenger and baggage screening. Congress should reject the President's proposal and push TSA toward adopting more efficient means of using technology and personnel.

### **Proposed Cuts to AIP Will Impact Ability of Airports to Address Security, Safety, Capacity**

Before closing, I want to highlight a related area of the budget where we cannot do more with less and that is the Airport Improvement Program, which the President has targeted for a \$600 million cut from the authorized level and a nearly \$500 million reduction from last year's enacted level. While I recognize that the FAA budget is not the topic of today's hearing, proposed cuts in AIP will have a profound impact on the ability of airports to address ongoing safety and capacity needs. In addition, at a time when congestion is returning to our airports and our skies, a reduction of airports' authorized share of the Airport and Airway Trust Fund is ill-advised.

Under AIR-21 formula levels, for example, the minimum entitlement at smaller commercial service airports would be reduced to \$650,000 from \$1 million and all primary entitlements would be halved if AIP is funded below \$3.2 billion. Additionally, the cargo entitlement would be reduced, the set-aside for general aviation and non-primary commercial service airports would be scaled back and the general aviation entitlement of up to \$150,000 per facility would be eliminated. It also is certainly worth noting that the Alaska supplemental entitlement would be halved as well.

While these cuts would affect all airports, they would obviously have the greatest impact on smaller facilities that rely more heavily on AIP entitlements to support capital programs. As members of this committee are well aware, smaller airports are already struggling to deal with a number of burdensome federal security mandates. Dramatic cuts to AIP as proposed in the President's budget will exacerbate those problems and call into question these facilities' long-term viability. Even if entitlement cuts are restored, which is no guarantee, the overall reduction in AIP funding will have a ripple effect throughout the aviation system.

Taken together, the President's budget is a \$2.1 billion "one-two punch" on the aviation industry. Travelers and air carriers should not be asked to shoulder the burden of the \$1.5 billion increase in security fees, and airports throughout the country cannot sustain a \$600 million reduction in AIP from authorized levels.

### **Conclusion**

Mr. Chairman, thank you for the opportunity to appear before you today. We have highlighted a number of areas in which we believe limited TSA resources can be leveraged to produce enhanced security and better results for America's taxpayer and the traveling public. We look forward to working with you and the TSA to ensure that our nation's aviation system is the most secure and efficient in the world.