After the terrorist attacks in 2001, the federal government moved quickly to increase spending on aviation security and take control of passenger and baggage screening at U.S. airports. Congress created the Transportation Security Administration (TSA) in 2001, and then transferred the agency to the new Department of Homeland Security (DHS) in 2002.

TSA’s main activity is operating security screening at more than 450 commercial airports across the nation. The agency also runs the Federal Air Marshal Service (FAMS), analyzes intelligence data, and oversees the security of rail, transit, highways, and pipelines. TSA has 62,000 employees and an annual budget in 2013 of $7.9 billion.

After more than a decade of experience, it is clear that the creation of TSA and the federal takeover of airport screening was a mistake. Auditors have found that TSA’s screening performance has been no better, and possibly worse, than private screening. And TSA has become known for mismanagement, dubious investments, and security failures. Former TSA chief Kip Hawley noted last year that the agency is “hopelessly bureaucratic.” And recent congressional reports have blasted TSA for “costly, counterintuitive, and poorly executed” plans and for having an “enormous, inflexible and distracted bureaucracy.”

We would be better off without a monolithic federal agency that controls all major aspects of aviation security. Most airports in Europe and Canada use private companies for their passenger and baggage screening. That practice creates a more efficient and innovative security structure, and it allows governments to focus on gathering intelligence and conducting analysis rather than on trying to manage a large workforce.

Congress should abolish TSA. The TSA activities that have not shown substantial benefits should be eliminated. Passenger and baggage screening—which represents about two-thirds of TSA’s budget—should be moved to the control of airports and opened to competitive private bidding. And the remaining parts of TSA—including intelligence and analysis activities—should be moved to other federal agencies.
Nationalizing airport screening was a mistake.

Introduction

After the terrorist attacks in 2001, Congress and the George W. Bush administration moved quickly to boost government spending on aviation security and to take control of previously private airport screening. Without any detailed analysis of the pros and cons of a government takeover, the Senate voted unanimously to federalize airport security just one month after 9/11.\(^1\) The House passed a more cautious bill, but it mainly acceded to the Senate version when negotiating the final bill. In November 2001, the Aviation and Transportation Security Act created TSA within the Department of Transportation.

In 2002, the Homeland Security Act created the Department of Homeland Security (DHS), which incorporated TSA and portions of 21 other federal agencies. President Bush promised that DHS would “improve efficiency without growing government,” would create “future savings,” and would cut out “duplicative and redundant activities that drain critical homeland security resources.”\(^2\)

Alas, the president’s promise of creating a lean, nonbureaucratic DHS was just empty words.\(^3\) The department’s budget initially grew from $18 billion in 2002 to $27 billion in 2004, and it kept growing to reach an estimated $61 billion in 2013.\(^4\) The DHS workforce expanded from a huge 163,000 employees in 2004 to an even larger 198,000 by 2012.\(^5\) DHS agencies operate out of dozens of locations in Washington, and they report to 108 different congressional committees and subcommittees.\(^6\)

TSA is a major part of DHS, having a workforce of about 62,000 people.\(^7\) TSA became a large organization very quickly after 2001, when it replaced 16,500 private airport screeners with more than 40,000 federal screeners. TSA’s net outlays—which are funded by general taxes—have risen from $3.5 billion in 2004 to about $5.5 billion in 2013. However, its gross outlays in 2013 will be about $7.9 billion, funded by both general taxes and fees that the agency collects.\(^8\)

TSA’s main focus is aviation security, but the agency also oversees the security of rail, transit, highways, and pipelines. About 67 percent of TSA’s budget is for passenger and baggage screening, 12 percent is for the Federal Air Marshal Service (FAMS), 3 percent is for surface transportation, and the remaining 18 percent is for agencywide activities such as information technology and intelligence.\(^9\) This report focuses on aviation security, particularly airport screening.

Before 2001, the Federal Aviation Administration (FAA) was responsible for the security of civil aviation, and it oversaw passenger and baggage screening performed by private companies on behalf of the airlines. The creation of TSA nationalized screening at commercial airports. Today, there are about 53,000 federal airport screeners, who account for 85 percent of TSA’s overall workforce.\(^10\)

Nationalizing airport screening was a mistake, as one of the principal architects of the 2001 TSA legislation, Rep. John Mica (R-FL), now recognizes. As chairman of a House committee overseeing TSA during 2011 and 2012, he was scathing in his criticisms. The agency is a “bloated bureaucracy” and has a “track record of security failures.”\(^11\) It also has a “pavement for bungling aviation security and wasting taxpayers’ money” and is a “bureaucratic nightmare.”\(^12\)

Representative Mica is right. TSA has often made the news for its poor performance and for abusing the civil liberties of airline passengers. It has had a troubled workforce and has made numerous dubious investments. For example, the high cost of the full-body scanners that are now deployed in most U.S. airports are probably not justified by their marginal detection benefits. Similarly, the Federal Air Marshal Service and the Screening of Passengers by Observation Techniques (SPOT) program are costly, but have had few successes. Perhaps most important, TSA’s screening performance has been no better, and possibly worse, than the performance of the remaining private screeners at U.S. airports.
After examining TSA’s shortcomings, this essay discusses the advantages of privatized airport screening, which is the approach used in many other countries. It concludes that Congress should dismantle the “massive, unwieldy bureaucracy” of the TSA and move responsibility for screening to the airports and the private sector. Such reforms would likely improve the quality of the aviation security system and reduce the costs.

**Mismanagement and Bureaucracy**

TSA has had workforce management problems since its inception. The agency estimated that the hiring and training of its initial workforce in 2002 would cost $104 million, but those costs ended up soaring to $741 million. A huge amount of money, for example, was wasted on renting expensive hotel space during the hiring process.

In 2004, the Inspector General for DHS assailed TSA for handing out excessive employee bonuses, throwing a lavish awards ceremony, and spending in other wasteful ways. In 2005, an Inspector General audit unearthed “unethical and possibly illegal activities” at the agency. These sorts of ongoing problems prompted the Washington Post to report, “TSA has been plagued by operational missteps, public relations blunders and criticism of its performance from the public and legislators.” Paul Light, an expert on the federal bureaucracy, noted at the time: “As memories of 9/11 have faded, TSA has begun to look like any other federal agency. It has lived an entire bureaucratic life in quick time, moving from urgency toward complacency in just three short years.”

More recently, a House committee that oversees TSA reported in 2012 that the agency’s operations are “costly, counterintuitive, and poorly executed.” A separate House report the same year charged that TSA “suffers from bureaucratic morass and mismanagement.” And former TSA chief Kip Hawley noted that the agency is “hopelessly bureaucratic.”

TSA’s performance at security screening has been mediocre at best. In the years following the federal takeover, auditors typically found that the government’s screening was no better than the previous private screening. There have been numerous disturbing incidents of screening failures. In 2006, screeners in Los Angeles and Chicago failed to catch 75 percent and 60 percent, respectively, of fake explosives in tests. There were 25,000 security breaches at U.S. airports during TSA’s first decade, despite the agency’s huge spending and all the inconveniences imposed on passengers. The safety of travelers in recent years may have more to do with the dearth of terrorists in the United States and other security layers around aviation, than with the performance of TSA airport screeners.

TSA workforces at numerous airports have been subject to “meltdowns,” as Representative Mica calls them. In 2011, the TSA sought to fire 12 baggage screeners for botching security procedures at the Charlotte airport. The same year at the Honolulu airport, 28 employees were fired and 15 were suspended for violating screening rules. In 2012, TSA proposed firing 25 workers because of screening failures at the Newark airport, although only 4 were eventually removed. And at the Fort Myers airport, 38 screeners were suspended and 5 were fired.

In 2012, the Government Accountability Office (GAO) found that TSA ranked 232 out of 240 federal agencies on employee satisfaction. One problem is substantial employee theft at the agency. ABC News found out that nearly 400 TSA workers have been fired for stealing items from passenger bags. Yet another problem is high employee turnover. Between 2002 and 2011, TSA spent $2.4 billion just on the hiring and training of new staff members.

Management problems stemming from TSA’s large screening workforce distract the agency from its core responsibilities in avia-
Security experts have criticized the Department of Homeland Security and the Transportation Security Administration for not allocating their resources based on cost-benefit analyses and detailed risk assessments. A House report argued that “due to high attrition, TSA has spent so much time managing itself that it has been unable to focus necessary resources on oversight and regulation of U.S. transportation security in general.” Another House report described the agency as “an enormous, inflexible and distracted bureaucracy,” that has “lost its focus on transportation security.”

The solution is to get TSA out of the screening business and devolve that responsibility to the nation’s airports. Centralized management of 53,000 screeners at more than 450 separate airports across the nation makes no sense. All airports have their unique variations in passenger levels, for example, and need to continually adjust their workforces, but TSA is slow in making needed changes. That is one reason numerous airports are interested in returning to private screening, as discussed below.

The recent unionization of TSA’s workforce could make effective management even more difficult. The Bush administration blocked attempts to unionize TSA workers; TSA administrator Admiral James Loy argued in 2003 that “collective bargaining is not compatible with the flexibility required to wage the war against terrorism.”

The Obama administration, however, has been very pro-union, and it pushed to cover TSA workers with collective bargaining. In 2010, the Federal Labor Relations Authority ruled that TSA workers should be allowed to vote on a union, and in February 2011 TSA approved an election for the exclusive representation of TSA’s nonsupervisory workers. Later that year, the American Federation of Government Employees (AFGE) was approved as the monopoly union for TSA. In 2012, AFGE and TSA signed a collective bargaining agreement covering 44,000 employees after very contentious negotiations.

Collective bargaining means monopoly union control over a workplace. Monopoly unions tend to reduce workplace efficiency by protecting poorly performing workers and pushing for larger staffing levels than required. They tend to resist the introduction of labor-saving technologies and create a more rule-laden workforce. TSA managers, for example, have to negotiate with union representatives regarding the reassignment of employees, which is problematic for an industry as dynamic as aviation. Air carrier schedules and route volumes often change, which creates fluctuating demand for airport screeners.

Collective bargaining also gives unions the exclusive right to speak for covered workers, many of whom may disagree with their views. And it gives government insiders a privileged position to push their own agendas at the expense of the general public good. For example, unions have lobbied heavily to end the Screening Partnership Program (SPP), which allows private airport screening at some airports. As discussed below, SPP has been a successful program, yet federal unions have been using their clout to try and kill it. When Sacramento officials were considering private screeners, for example, the “AFGE rallied its allies in organized labor and lobbied supervisors, city council members and state legislators in an attempt to block the plan.” Congress should not give labor unions such power to sway public policy decisions.

Expensive Failures

Security experts have criticized DHS and TSA for not allocating their resources based on cost-benefit analyses and detailed risk assessments. Former RAND Corporation president, James Thomson, noted in 2007 that “DHS implements most of its programs with little or no evaluation of their performance.” A National Academy of Sciences report in 2010 similarly criticized DHS for its lack of detailed risk analyses supporting its decisionmaking.

A 2013 study by Mark Stewart and John Mueller looked at the costs and potential benefits of various DHS and TSA programs and found: “These results strongly suggest that DHS decisionmakers are not following
robust risk assessment methodology."\textsuperscript{43} TSA has made decisions that appear to have misspent billions of dollars and caused unneeded congestion for minimal security benefits.

A congressional report noted that the TSA has had “a reactive approach to security."\textsuperscript{44} Kip Hawley, the head of TSA from July 2005 to January 2009, similarly noted that the agency has been “too reactive and always finds itself fighting the last war."\textsuperscript{45} After a shoe bomb attempt in 2001, for example, TSA required passengers to remove their shoes for screening. And after an attempt to bring a liquid explosive onto a plane in 2006, TSA restricted liquids in carry-on luggage. But while the agency has responded to some high-profile incidents, it apparently does not keep an accurate database of all security breaches to better inform its decisionmaking.\textsuperscript{46}

TSA seems to have a bias toward spending money on new technologies that have not been adequately vetted. For example, TSA spent $30 million on 207 “puffer” machines to detect explosives.\textsuperscript{47} But the machines had not been properly tested, had high operating costs, and simply did not work as planned.\textsuperscript{48} They were completely withdrawn by 2010 and put into storage. The TSA seems to have lots of other equipment collecting dust in storage: a 2012 inspection of a Dallas TSA facility found 5,700 pieces of security equipment worth $184 million sitting idle.\textsuperscript{49}

TSA’s most costly investment in technology has been the controversial Advanced Imaging Technology (AIT) machines. These are the “full-body scanners” that the agency began deploying in 2008. The scanners see beneath passengers’ clothing, causing major privacy concerns. The high costs of AITs, the extra airport congestion they cause, and the questionable detection benefits of the machines make them a dubious investment.

Remarkably, TSA did not do a cost-benefit analysis of the machines before it rolled them out across the country.\textsuperscript{50} Indeed, TSA ignored GAO requests to perform such an analysis. In July 2011, a federal appeals court effectively ordered TSA to perform an analysis, which is still pending at this time.\textsuperscript{51} Scholars John Mueller and Mark Stewart have performed a cost-benefit analysis and found that AIT machines failed “quite comprehensively,” based on their assumptions regarding the probability of attack attempts and other factors.\textsuperscript{52}

Advocates of AIT machines argue that they can find explosives hidden under clothing, such as the bomb carried by Farouk Abdulmutallab in the attempted Christmas Day bombing on a flight from Amsterdam to Detroit in 2009. However, the GAO concludes that “it remains unclear” whether an AIT machine would have detected a bomb such as this.\textsuperscript{53} And the Congressional Research Service notes that “experts are divided about the effectiveness of AIT systems.”\textsuperscript{54}

One problem with AIT machines is that human error can undermine their effectiveness. In 2011, an undercover agent snuck a firearm through AIT machines at the Dallas-Fort Worth airport several times, apparently due to the inattentiveness of TSA officers.\textsuperscript{55} The GAO has also noted that currently deployed AIT machines have not been used consistently, which reduces their security benefit.\textsuperscript{56}

Another issue is that even with TSA’s planned roll-out of the machines to all major U.S. airports, future terrorists may respond by boarding planes at smaller airports, as some of the 9/11 terrorists did.\textsuperscript{57} And even if every American airport had AIT machines, terrorists could still board planes overseas on U.S.-bound flights, as the shoe bomber and underwear bomber did.

AIT machines are effective in detecting high-density objects, but less effective with low-density materials such as gels, powders, and liquids. At least one airplane bomb plot, uncovered in 2006, has focused on liquid explosives.\textsuperscript{58} Terrorists can also undermine AITs by placing explosives inside their body cavities, a technique often used by criminals in prisons.\textsuperscript{59}

Given these weaknesses, TSA’s large investment in AIT machines seems unwarranted. As noted, Mueller and Stewart found that the machines failed their cost-benefit analysis.\textsuperscript{60} The machines cost $250,000 per unit to acquire and install, and each requires five TSA
employees to operate—costing about $315,000 in annual wages. By 2012, there were 754 AIT machines deployed across the nation, which cost almost $200 million for the machines and about $240 million in annual wages. The Congressional Research Service puts the current annual costs even higher than that. And the costs will grow because TSA plans to deploy a total of 1,800 machines.

Another TSA program with high costs, but apparently limited benefits, is the Screening of Passengers by Observation Techniques program. It employs about 3,000 officers at 160 airports to identify possible terrorists on the basis of behavioral indicators such as signs of stress. SPOT costs about $230 million a year.

The scientific theories behind the SPOT approach are unproven. The idea is that terrorists can be detected through small behaviors that reveal stress, but people in airports rushing to catch planes are often under stress. The GAO is skeptical of the SPOT program, and it prompted TSA to perform a study of SPOT’s effectiveness. The resulting study did show some positive results, but the GAO argues that more thorough testing is needed.

The SPOT program illustrates the problems with top-down federal control over aviation security. The TSA “deployed SPOT nationwide before first determining whether there was a scientifically valid basis” for it, notes the GAO. Nor did the TSA perform a cost-benefit analysis of SPOT before it was deployed. That is the way that the federal government often works—it rolls out an expensive “solution” for the entire nation without adequate research and resists efforts to cut programs, even if the benefits do not materialize.

Despite the large investment in SPOT of more than $1 billion over the past decade, the GAO found 23 occasions in which known terrorists have breezed through airports where TSA was operating SPOT. SPOT has not caught a single terrorist over the years. For example, TSA did not catch the attempted Times Square bomber, Faisal Shahzad, in 2010 when he boarded a plane at New York’s JFK Airport—an airport that has an active SPOT program. Shahzad paid cash for his flight to Dubai days after his bombing attempt, and he boarded a plane even though he was on TSA’s “no fly” list. Luckily, Customs and Border Protection officials realized the mistake and grabbed Shahzad just before takeoff.

Having caught no terrorists, TSA is using SPOT to catch run-of-the-mill lawbreakers. TSA apprehended 1,083 criminals with the program between 2004 and 2008 for such infractions as breaking immigration rules and having outstanding warrants. But that small number was out of two billion passengers going through airports that had SPOT programs during that period. Between 2010 and 2012, just 353 arrests were made in the SPOT program for nonterrorism offenses. So even if it were appropriate to use SPOT for non-aviation policing purposes, SPOT has a high cost with meager results.

House Republicans have called the SPOT program “one of TSA’s largest failures.” Rep. Trey Gowdy (R-SC), who is on a House committee overseeing the TSA, summed up the failure of SPOT: “Skip the humans, spend the money on canines. They are more effective, better trained, do not feel the need to unionize and you can still keep the same name ‘SPOT.’”

Costly Air Marshal Service

The use of air marshals on U.S. commercial flights had its origins in the Sky Marshal program begun in 1961. Support for this small program waxed and waned over the decades—until the attacks on 9/11. Since then, the federal government has invested billions of dollars in the Federal Air Marshal Service, which is now part of TSA.

FAMS places armed federal agents onboard commercial flights to deal with possible terrorist attacks. That might sound like a good idea, but FAMS has not yielded results in proportion to the program’s high costs. It is very expensive to place highly trained air marshals on even a small fraction of all flights in the United States.
The cost of FAMS has soared from $486 million in 2003 to about $942 million in 2013.\textsuperscript{79} The number of air marshals has increased from 33 in 2001 to roughly 5,000 today.\textsuperscript{80} An additional expense of the program is the revenue loss to airlines of setting aside first-class seats for the air marshals, which costs airlines about $220 million a year.\textsuperscript{81}

FAMS averages only about five arrests per year, which means that each arrest costs taxpayers almost $200 million.\textsuperscript{82} That is a simple metric, but it does indicate the high-cost nature of this type of security. Note that these arrests have generally stemmed from incidents of passengers being unruly or intoxicated. None of the arrests has been related to terrorism.\textsuperscript{83} In one case, officers in FAMS shot and killed a man whose erratic behavior may have been a result of mental illness.\textsuperscript{84}

Theoretically, having air marshals on some flights could provide some deterrence to hijacking. But with air marshals on just 5 percent or so of U.S. passenger flights, policymakers should question whether the almost $1 billion annual cost is worth it.\textsuperscript{85} Making various assumptions about probabilities of attacks and possible damage, John Mueller and Mark Stewart calculate that the annual benefits of the Air Marshal program are just $170 million a year, which is a small fraction of the annual cost.\textsuperscript{86}

Some post-9/11 initiatives for aviation security have been cost effective. One initiative was the mandate to install hardened cockpit doors on more than 6,000 commercial airliners. The annualized cost of the program is about $40 million, and the doors have provided very effective protection for airline crews. Mueller and Stewart found that the annual benefits of the program are about $1.6 billion under their assumptions, which is many times greater than the annual cost.\textsuperscript{87}

Another effective initiative has been the Federal Flight Deck Officer (FFDO) program, which helps to arm commercial airline pilots. Pilots have volunteered in significant numbers for the FFDO program, and about 20 percent of them are in the program today.\textsuperscript{88} Many commercial pilots have had military experience with firearms.\textsuperscript{89} TSA spends just $26 million a year on FFDO and crew training.\textsuperscript{89} That is a small fraction of the cost of FAMS and provides security on about four times the number of flights (20 percent for FFDO versus 5 percent for FAMS). In his support of the FFDO program, Representative Mica has noted, “Pilots are the first line of defense against terrorist attacks in the sky, and the most cost-effective layer of security that we have in a system that’s prone to security breaches.”\textsuperscript{90} Thus, one way to reduce costs without reducing safety would be to cut the very expensive FAMS program while increasing the less expensive FFDO program.\textsuperscript{91}

Perhaps the most effective countermeasure since 9/11 was not the result of any federal program. Rather, airline passengers and flight attendants have learned to be much more aware of potential attacks in the air, and they have thwarted terrorists on U.S.-bound flights, including shoe bomber Richard Reid in 2001 and underwear bomber Umar Farouk Abdulmutallab in 2009. In both instances, passengers quickly tackled the would-be bombers when foul play was suspected.

The benefits of heightened alertness in the post-9/11 world have also been evident in the many instances when passengers have subdued unruly or intoxicated travelers. In May 2013, for example, a passenger on a plane from Alaska to Oregon tried to open the emergency exit door during flight, but passengers who noticed his odd behavior quickly restrained him.\textsuperscript{92}

**Airport Screening and Civil Liberties**

Aviation screening is an important element of aviation security, but that does not mean that all TSA actions are appropriate.\textsuperscript{93} Some TSA practices push the legal boundaries of permissible searches and seizures. Another issue is whether the TSA is using its screening activities to discover evidence of
Another civil-liberties concern is that the Transportation Security Administration sometimes acts as if it had broad police power outside of its transportation security role.

The Fourth Amendment to the U.S. Constitution bars unreasonable searches and seizures. With airport searches, individuals do have a reduced expectation of privacy, and federal courts have held that warrantless searches of all passengers prior to boarding are permissible. But some of TSA's current practices, such as full body pat-downs and the use of Advanced Imaging Technology machines, may be over the legal line.

AIT machines were designed as secondary screening devices, but their current use as primary screening devices arguably fails the legal tests set by federal courts. When the AIT machines were first deployed, the invasiveness of the machine's full-body images led to a public backlash. In response, Congress now requires TSA to use the machines with software to protect privacy. There are two types of AIT machines: millimeter wave and X-ray backscatter. The latter machines raised both privacy and health concerns and have been removed from U.S. airports. The millimeter wave machines have been upgraded with software that renders a stick-figure image of a person with dots appearing for potentially threatening items.

The intrusiveness of TSA pat-downs has also caused a lot of concern. Americans have been appalled at reported incidents of offensive pat-downs of young children, the disabled, the elderly, and people with medical conditions that require them to wear items such as insulin pumps, urine bags, and adult diapers. In one case, a woman dying of leukemia was taking a trip to Hawaii. She had called the TSA ahead of time to ask about her special needs. But in the airport security line, TSA agents lifted her bandages from recent surgeries, opened her saline bag and contaminated it, and lifted her shirt to examine the feeding tubes she needed to prevent organ failure—all in front of other passengers and after the TSA refused her request for a private screening. Senator Rand Paul (R-KY) and other policymakers have condemned the needless harassment that some passengers have received from the TSA.

Another civil-liberties concern is that the TSA sometimes acts as if it had broad police power outside of its transportation security role. For example, recent sweeps by teams of TSA agents at rail and transit stations have resulted in arrests for minor offenses such as drug possession, and this activity seems to simply duplicate local police functions.

When Americans travel by air, they do not surrender all their privacy, and case law bars TSA airport screeners from looking for evidence of crimes beyond plots against aviation security. Yet TSA seems to have developed mission creep at airport checkpoints.

In one incident in 2009, TSA harassed Steven Bierfeldt, who had just left a convention in Missouri and was flying out of a local airport when he was subjected to detention by TSA screeners. He was carrying $4,700 in a lockbox from the sale of tickets and paraphernalia from a political group that he belonged to, but TSA screeners considered the cash suspicious. They interrogated Bierfeldt and threatened him with arrest and prosecution unless he revealed why he had the money. Bierfeldt was eventually released, but he recorded the incident with his cell phone. The American Civil Liberties Union filed suit on his behalf, and in response TSA revised its screening guidelines. Current TSA rules now state that "screening may not be conducted to detect evidence of crimes unrelated to transportation security."

However, there have since been other troubling incidents. In 2010, TSA screeners scrutinized Kathy Parker while she was departing from the Philadelphia airport. Parker was carrying an envelope with $8,000 worth of checks, about which Philadelphia police and TSA screeners interrogated her. They told her that they suspected her of embezzling the money and leaving town in a "divorce situation." Police tried to contact her husband by phone, but they were unsuccessful and eventually released Parker.

Aside from invasions of privacy, the frequent congestion at U.S. airports caused by security procedures has a large cost in terms of wasted time. There are about 740 mil-
A key goal of reform should be to separate airport screening from the regulatory oversight of aviation security. The way to do that is to move the primary responsibility for passenger and baggage screening from TSA to the nation’s commercial airports. The airports would then be free to contract screening to expert security companies, which would compete for the opportunity to service each airport. Prior to 9/11, we had private screening, but it was a poorly structured system, and the FAA bungled its regulatory role. Poole notes that a key problem was that the FAA delegated screening to the airlines and not the airports, which are in a better position to balance the demands of security, cost, and customer service.

How well would private screening work? Luckily, the TSA monopoly has not been absolute, and we have some ongoing experience with private screening. The 2001 legislation that created TSA established the SPP, which has allowed some airports to opt out of TSA screening and use private firms. The firms contract with TSA and are under federal regulatory control. Originally, there were five airports in the program, with San Francisco being the largest. All five have had good results with private screening and have stuck with it. The number of SPP airports has grown to 16 today.

The expansion of private screening is a threat to TSA bureaucracy. So it is not surprising that TSA has “a history of intimidating airport operators that express an interest in participating” in the SPP program. In 2011, TSA rejected applications from six airports to join the SPP program, and it appeared that the agency wanted to wind down the program altogether. But that TSA stance flew in the face of congressional intent. In response, Congress rebuked the agency and pushed through legislation in 2012 that strengthened the rights of airports wanting to use private screeners. Other airports are now submitting applications to TSA for SPP status.

Privatizing Airport Screening

TSA has demonstrated many of the failings typical of large, monopoly federal bureaucracies. It has a “government knows best” mentality, and it imposes one-size-fits-all solutions on the whole country. When TSA makes mistakes, it imposes them on the entire aviation system. The SPOT program is an example. TSA installed SPOT across the nation without first studying, in detail, whether or not it worked and was cost effective.

TSA dominates most aspects of aviation security, handling both airport screening operations and regulatory oversight of screening operations. Aviation reform expert Robert Poole notes that those responsibilities create a conflict of interest:

On the one hand, TSA is designated as the agency that establishes transportation security policy and regulates those that provide transportation operations and infrastructure. . . . But on the other hand, TSA itself is the operator of the largest component of airport security—passenger and baggage screening. When it comes to screening, therefore, TSA has a serious conflict of interest . . . Arm’s-length regulation is a basic good-government principle; self-regulation is inherently problematic.

Representative Mica has similarly noted that “a properly constructed security structure puts the regulator in a position to independently oversee and audit security performance.”

A key goal of reform should be to separate airport screening from the regulatory oversight of aviation security.
After a decade of experience, it appears that the overall performance of privatized screening is at least as good as, if not better than, government screening.

The existence of the SPP program has allowed researchers to compare the performance of TSA screeners to private screeners for such skills as spotting guns in X-ray machines. A 2004 study by the DHS Inspector General found that federal and private screeners performed equally poorly. The same year, a study by a consulting firm for TSA found that the U.S. airports with private screeners performed as good or better on screening as airports with TSA screeners. In 2005, the GAO found that private screeners did a better job than TSA screeners. Also in 2005, the DHS Inspector General concluded: “The ability of TSA screeners to stop prohibited items from being carried through the sterile areas of the airports fared no better than the performance of screeners prior to September 11, 2001.”

A 2007 study by a consulting firm for TSA found that “private screeners performed at a level that was equal to or greater than that of federal [screeners].” A 2007 USA Today investigation found that the private screeners at the San Francisco International Airport (SFO) had far better detection abilities than the federal screeners at the Los Angeles International Airport (LAX). A 2008 TSA report compared screening at six SPP airports to screening at six non-SPP airports and found performance to be similar.

A 2012 study by the GAO compared all 16 SPP airports with non-SPP airports on four different performance measures. It found that some SPP airports performed slightly better than non-SPP airports on some measures, and performed slightly worse on other measures. The bottom line is that after a decade of experience, it appears that the overall performance of privatized screening is at least as good as, if not better than, government screening.

There are other advantages to private screening, as reported by the GAO in a 2012 survey of 34 airport operators regarding the SPP program. One advantage is the opportunity to improve customer service, which is important to airports in order to stay competitive with other modes of travel. Another advantage of private screening is increased staffing flexibility. Under the current TSA system, airports need to get approval from Washington to adjust the number of screeners as demands fluctuate, and those approvals have often taken extended periods of time. The number of passengers at particular airports can be subject to substantial fluctuations; thus, local control over workforce decisions makes more sense than the current centralized system.

TSA had argued that private screeners are more expensive than federal screeners, but the GAO found that claim to be incorrect. Indeed, the House Committee on Transportation and Infrastructure released a report in 2011, which found that expanding the SPP program would generate savings. It found that the private screeners at the San Francisco airport were 65 percent more efficient than the federal screeners at the Los Angeles airport. The SFO screening operations also had lower employee attrition rates than LAX, leading to reduced costs from recruitment and training. Federal rules require that private screeners be trained to the same standards as federal screeners, but even with that restriction SFO was able to achieve those standards at lower training costs than TSA screeners.

Under the SPP program, private screeners must follow rules similar to those of government screeners. TSA picks the screening contractors, pays the contractors, and imposes TSA screening protocols. But that structure reduces the possible cost savings and performance improvements that the private sector could bring. Poole notes that TSA “micromanages” screening under the SPP, “spell[ing] out procedures and technology (inputs) rather than only specifying the desired outcomes of screening, thereby making it very difficult for screening companies to innovate.”

Reforms should allow airports to hire screening companies of their choosing and pay for those services with charges on airport users. If a security company did not achieve the high-quality screening results for which it was contracted, then it could be fired. One of the problems with the near-monopoly
TSA is that individual airports have not been allowed to “fire” the screener because it is the federal government. The SPP program has started to change that, but much larger reforms are needed.

Poole argues that moving the responsibility for screening from TSA to the airports would allow airports to create a more integrated and effective security system because airports are already responsible for general airport security. Such integration would allow the staff to be cross-trained among security functions at airports, for example, which would improve morale and enhance skills.

Some policymakers favor expanding private screening to all commercial airports and shrinking TSA’s role in aviation security to include only analyzing intelligence, setting security standards, and auditing screening operations. Representative Mica is pushing for privatized airport screening and thinks that TSA should be downsized to about 5,000 workers. Sen. Rand Paul (R-KY) has proposed fully privatizing TSA, as has Cato Institute scholar Jim Harper.

Many other countries have privatized their airport security screening. More than 80 percent of Europe’s commercial airports use private screening companies, including those in Britain, France, Germany, and Spain. The other airports in Europe use their own in-house security, but no major country in Europe uses the national government’s aviation bureaucracy for screening. Europe’s airports moved to private contracting during the 1980s and 1990s after numerous hijackings and terrorist threats, and it has worked very well.

Canada also uses private screening companies at its commercial airports, and some airports also use private firms for general airport security. After 9/11, the government created the Canadian Air Transport Security Authority, which oversees screening at the country’s 89 commercial airports. But the screening itself is carried out by three expert private firms—G4S, Garda, and Securitas—which are each responsible for a group of particular Canadian airports.

Aviation security firms have developed a great deal of expertise over the decades. They have responded to the demands of their clients, and they apply the best practices they have learned across the airports they serve. Private businesses make mistakes, but unlike government bureaucracies they are more likely to improve their performance over time, particularly in a competitive contracting environment.

Many countries have embraced privatization not only for airport security, but also for other parts of their aviation systems. Dozens of countries have privatized major airports, and some have privatized their air traffic control systems. Canada, for example, privatized its system in 1996, setting it up as a nonprofit corporation, Nav Canada. That reform has been a big success, with Nav Canada running one of the safest air traffic control systems in the world and winning awards for its top performance. Canada also privatized its 26 largest airports in the 1990s.

In many ways, the United States has become a laggard in commercial aviation. Numerous other nations have privatized their airports, air traffic control, and aspects of their aviation security. American policymakers should study those reforms and pursue such innovations here. Privatization offers a viable alternative to America’s often mismanaged and inefficient government aviation infrastructure.

With regard to aviation security, the federal government has an important role to play. But its near-monopoly over airport screening has resulted in it getting “bogged down in managing its bloated federal workforce,” as one congressional report concluded. Operating the vast passenger and baggage screening system takes the government’s focus away from proper federal activities such as terrorism intelligence and analysis.

The way ahead is for Congress to abolish TSA. Programs that have not shown substantial benefits—such as SPOT and FAMS—should be downsized or eliminated. Passenger and baggage screening—which represents about two-thirds of TSA’s budget—should be devolved to airports and opened to com-

Many other countries have privatized their airport security screening, and more than 80 percent of Europe’s commercial airports use private screening companies.
petitive bidding by private firms. And the re-
main ing parts of TSA—such as intelligence
activities—should be moved to other federal
agencies. Over time, these reforms would
reduce taxpayer costs while improving the
quality of the U.S. aviation security system.

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93. Many of the arguments in this section are based on observations in David Rittgers, “Abolish the Department of Homeland Security.”


101. For further information, see David Rittgers, “Abolish the Department of Homeland Security.”

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