GAO Highlights

Highlights of GAO-16-19, a report to congressional requesters

November 2015

SCREENING PARTNERSHIP PROGRAM

TSA Can Benefit from Improved Cost Estimates

Why GAO Did This Study

The Transportation Security Administration (TSA) screens approximately 1.8 million passengers and their property at our nation's airports every day to ensure, among other things, that persons do not carry prohibited items into airport boarding areas or on flights. In 2004, TSA created the Screening Partnership Program (SPP), allowing TSA-regulated airports to apply to have screening of passengers and property performed by private contractors. TSA develops cost estimates to determine what its costs would be to perform screening services at SPP airports. These estimates provide a basis of comparison for program and procurement decisions.

GAO was asked to review the SPP. This report addresses: (1) the extent to which TSA developed and reported reliable cost estimates for providing screening services at SPP airports; and (2) how TSA uses cost estimates in selecting SPP contractors and the extent to which TSA monitors contract values relative to its cost estimates. GAO compared TSA's cost estimates to best practices for developing federal cost estimates, analyzed selection and monitoring in the 13 contracts in which estimates were used, and interviewed TSA and contractor officials.

What GAO Recommends

GAO recommends that TSA: (1) revise it's 2013 cost estimating methodology to conform to best practices; (2) provide cost comparisons to Congress on a regular basis; and (3) compare and update estimates when major changes to contract values occur. TSA concurred with the recommendations.

View GAO-16-19. For more information, contact Jennifer Grover at (202) 512-7141 or GroverJ@gao.gov.

What GAO Found

Based on an analysis of TSA's cost estimating practices and methodology developed in 2013 against best practices, TSA's cost estimates have some strengths, but also have limitations in four general characteristics needed to reflect a high-quality and reliable cost estimate. TSA's cost estimating practices reflect certain strengths, including a revised cost estimating methodology that provides sufficient details for TSA staff to develop and document cost estimates. However, limitations in each of the four characteristics of a high quality cost estimate (comprehensive, well-documented, accurate, and credible) prevent TSA's estimates from being reliable. For example, TSA's cost estimates are not fully comprehensive because they include only the costs incurred by TSA to perform screening at an airport and not the total costs incurred by the federal government such as retirement benefits and insurance. Further, TSA's estimates are not regularly updated to reflect changes to the program that could affect costs and do not include an analysis that addresses the uncertainty inherent in cost estimates. A methodology that is more closely aligned with best practices for cost estimation can provide more reliable information.

While multiple congressional committees have sought improved information on the cost effectiveness of the SPP to oversee the program, TSA has not reported cost comparisons between federal and private screening at SPP airports to policy makers. Since 2013, TSA has prepared comprehensive annual reports that include, among other things, a comparison of actual private costs with estimated federal costs. According to TSA officials, they have not shared these reports with Congress because they are developed for internal use. Although TSA has no standing requirement to report this information, doing so (such as on an annual basis), can better position policy makers to assess and understand the effectiveness of the SPP program and its effects on federal costs.

TSA limits its selection of contractors to those who propose costs less than or equal to TSA's estimated costs to perform the same services. However, once it has awarded a contract, TSA does not continually monitor the value of the contract relative to its estimated costs throughout the contract period. TSA also does not update its estimated costs to account for changes during the contract period that affect the estimates. TSA has determined that it will not consider a contractor's proposal to perform screening at an airport if the proposed cost exceeds TSA's estimated costs to perform screening services at an airport, and will only further evaluate those proposals that are less than or equal to TSA's estimated costs. However, over the contract period, the value of the contract may increase or decrease due to modifications that address changes to the work. For example, if an airport opens a new terminal, the contract might be modified to accommodate the need to hire additional staff. Some of these changes may also affect TSA's estimated costs for performing the services provided in the contract. Therefore, continually monitoring how contract values compare to TSA's estimated costs, and ensuring the cost estimates are updated to correspond to major changes in the program or contract, would provide program officials and policymakers with more accurate information about the relative costs of operating airports with federal and private screeners.