



*The Transportation Security Administration's
Report to Congress
on the
Implementation of the
Performance Accountability and Standards System (PASS)
for the
2007 Performance Cycle*

**In Accordance with the Consolidated Appropriations Act,
2008, P.L. 110-161**

May 2008

Purpose

This report constitutes the Transportation Security Administration's (TSA) submission of a report regarding the Performance Accountability and Standards System (PASS) to Congress for the fiscal year (FY) 2007 performance cycle. This report is being submitted in accordance with the Consolidated Appropriations Act, 2008, P.L. 110-161, signed on December 26, 2007. Specifically, the Joint Explanatory Statement that accompanied P.L. 110-161 states:

TSA is directed to submit a report to the Committees on Appropriations; the Senate Committee on Homeland Security and Governmental Affairs; the House Committee on Homeland Security; the Senate Committee on Commerce, Science, and Transportation; and the House Committee on Transportation and Infrastructure on the implementation of the Performance Accountability and Standards System. The report shall include (1) the number of employees who achieved each level of performance; (2) a comparison between managers and non-managers relating to performance and pay increases; (3) the type and amount of all pay increases that have taken effect for each level of performance; and (4) the attrition of employees covered by the Performance Accountability and Standards System.

Background

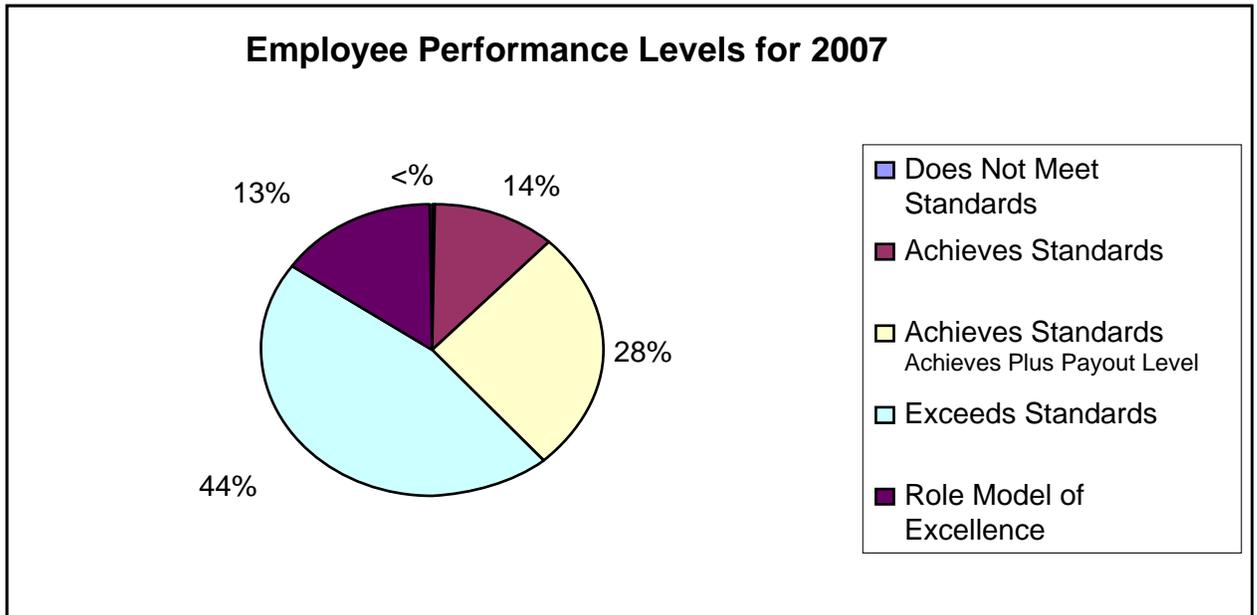
The Performance Accountability and Standards System (PASS) is a pay-for-performance management system created with significant input from the workforce that promotes and sustains a culture of high performance and accountability using standardized performance metrics that are measurable and observable. The transparent nature of PASS is designed to ensure that employees are educated and knowledgeable about what they need to do to accomplish their work successfully and to help TSA accomplish its mission.

Throughout the performance period, PASS-covered employees meet quarterly with their Rating Official to discuss and review their performance. There are also several on-line resources for employees to utilize including: The *My PASS Access Program* which allows PASS-covered employees to view their PASS forms at TSA Human Resources Services Online, and a PASS SharePoint site which contains contact information, PASS policies and directives, and other helpful links. Once a week, a PASS conference call is initiated by TSA Headquarters and all employees are invited to phone in and ask questions related to PASS.

Transportation Security Officers (TSOs), Lead Transportation Security Officers (LTSOs), Supervisory Transportation Security Officers (STSOs), and Transportation Security Managers with PASS final ratings for 2007, who, at minimum achieved standards, received a PASS base salary adjustment and/or lump sum PASS performance bonus, in addition to their Comparability Equivalent Increase (CEI).

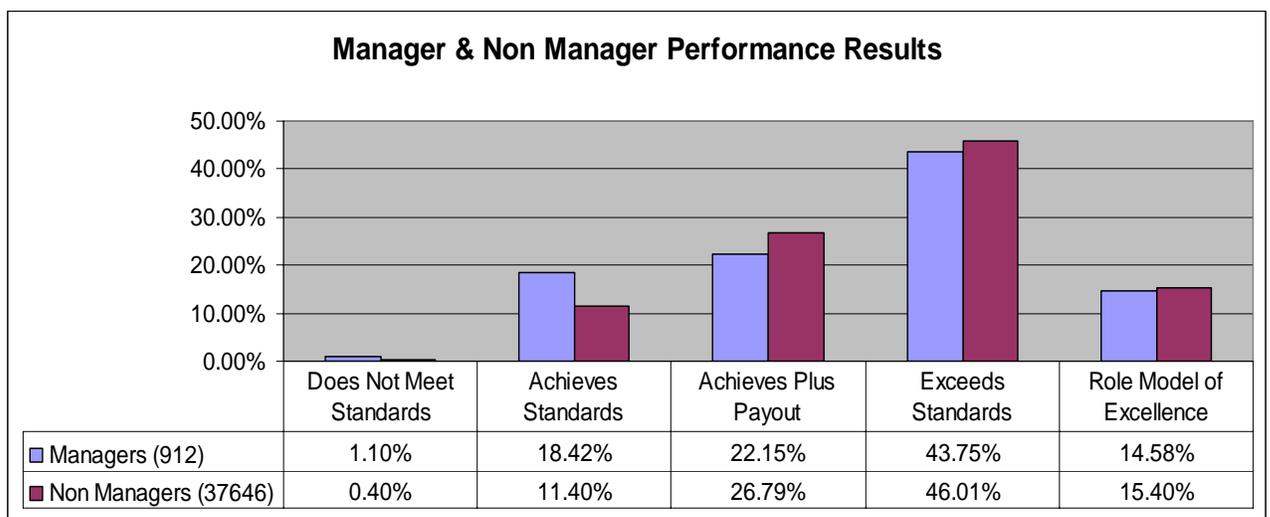
1) The number of employees who achieved each level of performance.

For the 2007 PASS performance cycle, employees were rated on four performance levels: Role Model of Excellence, Exceeds Standards, Achieves Standards, and Does Not Meet Standards. An additional payout level (Achieves Plus) was created within the Achieves Standards performance rating level.



2) A comparison between managers and non-managers relating to performance and pay increases.

Below is a comparison for each payout level between PASS-covered managers and non-managers.



3) The type and amount of all pay increases that have taken effect for each level of performance.

The chart below shows the five payout levels and the corresponding salary increase and bonus, if applicable.

| Rating | Concept | Number Rated in FY07 | FY08 Payout (FY07 performance) |
|---|------------------------------------|-----------------------------|--|
| Does Not Meet Standards | No increase | <1% | CEI only |
| Achieves Standards | Small bonus | 14% | CEI + \$500 bonus |
| Achieves Standards (at Achieves Plus payout level) | Small increase | 28% | CEI + 1% increase + \$1000 bonus |
| Exceeds Standards | Fairly substantial increase | 44% | CEI + 2% increase + \$1,000 bonus |
| Role Model of Excellence | Very substantial increase | 13% | CEI + 3.5% increase + \$2,000 bonus |

4) The attrition of employees covered by the Performance Accountability and Standards System.

The attrition rate for PASS-covered employees in 2007 was 21.2 percent, a .3 percent increase over FY 2006, but a decrease from FY 2005's rate of 23.7 percent. There are no studies that look specifically at attrition rates as a direct correlation to PASS. However, TSA has implemented numerous workforce incentives since 2005 including PASS, career progression, local hiring, and TSO retention and recognition incentives to attract and retain a talented workforce.

Conclusion

TSA has set very high standards for our leadership because we recognize the direct impact that leadership has on our ability to meet our security mission. As such, PASS incorporates high standards and accountabilities for supervisors and managers for the performance achievement of their subordinates. The dramatic increase in the number of PASS-covered employees that far exceeded the minimal performance standards for the 2007 performance cycle is indicative of the achievements of leadership to successfully influence the performance of PASS-covered employees.

In response to workforce feedback, a number of significant changes to streamline and enhance the PASS program recently were announced for 2008 and will further help ensure the program champions and rewards excellent performance in the most effective manner. A summary of these changes, which became effective on April 1st, also have been included as part of this report. These significant changes were explained to all TSA

employees on March 25, 2008, in a message from Assistant Secretary Hawley. That message can be found below.

Date: March 25, 2008
To: All TSA Employees
From: Administrator Kip Hawley
Subject: 100 - PASS Changes

The first meeting, actually a week of meetings, with the second generation National Advisory Committee (NAC-2) concluded on Friday. The group, selected by their peers, is made up of TSO's, lead TSOs, supervisory TSOs, and AFSDs-screening. They are just beginning their two-year term -- designed on purpose to cover the change of administrations. They are off to a fast start.

The biggest issue I hear in town halls and conversations with FSDs is that PASS has become far too complicated. It was one of the top issues with NAC-1 and continues to be with NAC-2. PASS has a simple goal in that it is designed to give pay incentives for excellent performance, but the program has distracted the workforce from its primary mission as they continually struggle with its burdensome administrative and testing requirements.

As we move forward, I am committed to ensuring that your performance management program continues to champion and reward excellent performance, but in a more streamlined and effective fashion.

We want our employees doing their job and gaining knowledge through training, not bogged down with assessment requirements. We want our supervisors and managers on the floor, coaching and involved with the activity at the checkpoint, not spending all of their time with program administration.

We are implementing the following significant changes to the 2008 PASS program effective April 1. Expect a major overhaul to the Security Officer Performance Management Program for 2009.

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Effective April 1:

No more sign-in for 'Fitness for Duty'. You understand that is a job requirement and your actions will take the place of your signature.

No more SOP tests in 2008. We will be making SOP changes and bringing out significant new training in 2008. If you pass that training, that's what we're looking for -- we want

our employees doing their job and gaining knowledge through training and experience, not bogged down with SOP assessment requirements or the timing of training and testing releases.

The image tests will be reformed. We recognize that you are trained and tested on different standards, and that these standards do not reflect how you do your job. OHC and OSO are working together on a solution that will align training and testing, and not adversely impact the workforce.

Paperwork burden and testing administration. PSOs have been removed for dual function and passenger officers, sharply reducing PASS administrative requirements. We want our supervisors and managers on the floor, coaching and involved with the activity at the checkpoint, not spending all of their time rating employees or on a confusing and time-consuming computer application.

Collateral duties. The list of collateral duties will be more simply defined. The list of approved collateral duties will remain intact in 2008. The NAC will review and provide recommendations for a more concise list of approved collateral duties in 2009.

Core functions will be simplified. We are reducing the core functions associated with all positions. *Integrity/Honesty* and *Flexibility* have been removed from Competencies; *Technical Proficiency* has been removed from Supervisory Accountability; and *Technical Communication* and *Relationship Building* have been removed from Management Proficiencies.

We are also introducing a quick “One-Click” interface to PASS Online that no longer requires each specific behavior to be selected or time-consuming written justifications for highly rated employees.

Removed rating categories and simplified scoring. The named categories (Role Model of Excellence, etc.) will be replaced with numeric scores. At the end of the performance period, payout levels will be distributed using a ‘Rank and Rate’ system.

Reduction in required training. There will be less required training. The required training in each employee’s development plan will remain intact in 2008. The NAC will review and provide recommendations for a shorter, more concise list of required training in 2009.

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These are major changes and I hope they communicate a message that is loud and clear:

TSA leadership is serious about making our human capital policies, including pay, reflect the critical importance of TSA people being switched-on and motivated for our vital job.

You will see more evidence of this shortly. When we roll out the new uniforms later this year, it will be part of a major effort to turbo charge the TSO job.

A clever and patient terrorist can use our technology and SOP against us by finding and exploiting a weakness. But, if we are prepared, switched-on and on offense, it tips the balance in our favor. That's what we are working to achieve.

We are almost finished with a major training package (in excess of eight hours) that will tie together the latest intelligence analysis, more advanced explosives detection skills and ways to engage with passengers in a way that gets calmer environment and better security result. TSA's Office of Intelligence, BAOs and our Checkpoint Evolution team have put this together. The AFSDs-screening from around the country will be meeting this week to review and give input into this training and then we will test it out at BWI in the coming weeks. Stay tuned for how we will deploy it more widely.

In essence, we are taking advantage of the fact that our officers have seen over one billion passengers and our officers have developed priceless learning. If we add the latest intelligence, more bomb skills and passenger interaction techniques to that experience, I believe we can measurably increase security.

Fresh and continued training, process improvements, and better technology are all necessary parts of the equation. But first, last and in between it is the degree to which our people are personally engaged and motivated that will determine our success. That is why the first big step in 2008 is to take strong action on PASS -- TSA leadership in headquarters and the field -- are listening and willing to act. I will be asking the same of you as we roll out new training, SOPs and approaches to our work.

Thank you for your tremendous security work and for your commitment to the mission and each other.

A handwritten signature in blue ink that reads "Kip Hawley". The signature is written in a cursive, flowing style.

Kip