



U.S. House of Representatives
Committee on Transportation and Infrastructure

Washington, DC 20515

Don Young
Chairman

James L. Oberstar
Ranking Democratic Member

March 25, 2004

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Admiral David M. Stone
Acting Administrator
Transportation Security Administration
701 South 12th Street, West Tower
Arlington, VA 22202

Dear Admiral Stone:

Section 108 of the *Aviation and Transportation Security Act* (Pub. Law 107-71) established a pilot program to have the screening of passengers and property at five airports conducted by qualified private screening companies under contract with the TSA, instead of federal employees. ATSA required that the private screening companies selected must “provide compensation and other benefits to such individuals that are not less than the level of compensation and other benefits provided to such Federal Government personnel in accordance with this chapter.” It has come to my attention that certain of the qualified private screening companies’ benefits fall short of the benefits that federal screeners receive.

A major deficiency is that some of the private screening companies do not offer their employees a “defined benefit” pension, as TSA provides for its screeners. A defined benefit pension means that an employee who retires receives monthly payments for life, based on years of service and their highest salaries. For federal employees, such as TSA employees, these lifetime monthly payments may be a substantial portion of the employee’s salary at retirement. Defined benefit pensions are a very important and valuable benefit for federal employees.

It is my understanding that the private contractors participating in the pilot program, with the possible exception of the Jackson Hole Airport, do not offer their employees defined benefit pensions, but only 401(k) plans in which the employee and employer contribute to an account, and the amount accumulated in the account is available to the employee on retirement. There is no guarantee that the employee will receive any particular amount on retirement.

These 401(k) plans are generally not considered to be the equivalent of a defined benefit pension. But even if they are, it is not relevant because TSA employees, in addition to their defined benefit plan, also have a plan comparable to 401(k). The federal employees’ 401(k)-type plan is known as the Thrift Savings Plan (TSP) for which employees may contribute up to 10% of their salary to the account, with the TSA matching half of the employees’ contribution.

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In short, TSA employees have both a defined benefit pension and a 401(k)-type plan. Employees of the private screening companies appear to have only 401(k) plans. Thus, the retirement benefits provided the contract employees are less than the retirement benefits provided to TSA employees.

In addition to the failure of the qualified private screening contractors to provide defined benefit pensions, it is my understanding that they fall short of the TSA's benefit package in other benefit categories, such as health, leave, and insurance.

If my information is correct, the contractors providing services under the pilot program are not meeting the ATSA requirement to provide benefits to private screeners that are "not less" than those provided to federal screeners.

Accordingly, I ask that you undertake a prompt review of the benefits package that each contractor under the pilot program provides its employees, to determine if they currently meet the ATSA requirement to be not less than the federal benefits. In addition, if there are any deficiencies found in a contractor's benefits package, you should ensure that such deficiencies are corrected immediately.

Because it is likely that the House will hold hearings on the screening opt out program in the near future, please provide me with your written findings no later than the close of business, April 5, 2004.

I thank you in advance for your time and attention to this matter.

Sincerely,



James L. Oberstar
Ranking Democratic Member
Committee on Transportation and Infrastructure



Peter A. DeFazio
Ranking Democratic Member
Subcommittee on Aviation