Transportation Security Administration
PreCheck® Application Program
TSA Component
Fee Development Report

September 2021

U.S. Department of Homeland Security
Transportation Security Administration
Chief Finance Office
Revenue Division
tsa-fees@dhs.gov
(571) 227-2323

INTRODUCTION

Purpose

The purpose of this document is to provide an overview of the information used to adjust the Transportation Security Administration (TSA) PreCheck® Application Program[1] fee required for individuals who voluntarily apply and provide biometric and biographic information to become eligible to receive expedited checkpoint screening at participating airports in the United States (U.S.).

The report provides detailed information that was used to set user charges for government services (TSA Component) outlined in the _Federal Register_ TSA PreCheck Application Program Notice. The report outlines specific cost and population data used for the equitable imposition of a fee that will facilitate cost recovery of this unique security service from individuals that derive benefit from the service.

The information in this report was gathered from various sources and represents the most accurate analysis of estimated cost and population figures at the time of publication. Future fee adjustments may be necessary to incorporate newly identified factors within this dynamic environment. TSA will review this fee on a regular basis and will communicate any changes to the public.

Justification

TSA is required to provide for the screening of all passengers and property in air transportation.[2] The TSA PreCheck Application Program, among other TSA risk-based efforts, establishes a means for individuals to become eligible for expedited screening at participating airports in the U.S. and is being implemented pursuant to authority under the Aviation and Transportation Security Act (Public Law 107-71), section 109(a)(3).

The TSA PreCheck Application Program was originally implemented through a single vendor on December 4, 2013, pursuant to authority under Section 540 of the Department of Homeland Security (DHS) Appropriations Act, 2006, Public Law 109-90.[3] This authority stipulates that a fee shall be imposed for registered traveler programs undertaken by the DHS and such fees shall not exceed the costs associated with the program.

Further, the program is increasing the number of enrollment vendors as required by the TSA Modernization Act, Public Law 115-254 Section 1937(b). As these new vendors establish their respective enrollment platforms and procedures that will be approved by TSA, the new vendors will be free to compete in the marketplace by establishing their own unique Enrollment Provider

---

[1] Formerly known as the TSA Pre✓® Application Program
[2] See 49 U.S.C. 44901(a).
[3] Codified at 49 USC 114

Components of the fee which will take into account the cost of the criminal history records check conducted by the FBI and other various enrollment costs. The Federal government will impose the TSA Component of the fee on vendors for each applicant sent to TSA for processing. TSA will publish the most up to date fee information for all enrollment options at www.tsa.gov/precheck.

Pursuant to the Chief Financial Officers Act of 1990[4], TSA is required to review fees no less than every two years. Upon review, if it is found that a fee is either too high (total fees exceed the total cost to provide the services) or too low (total fees do not cover the total costs to provide the services), the fee will be adjusted. If TSA increases or decreases the fees for this reason, TSA will publish a Notice in the _Federal Register_ notifying the public of the change.

Applicability

The TSA PreCheck Application Program fee will be required for those individuals that voluntarily apply for the TSA PreCheck Application Program. With a successful application, program eligibility and the underlying security threat assessment are valid for a maximum of five years or until a disqualification occurs. Individuals have the option to renew enrollment in the program at the conclusion of five years by submitting the necessary application and paying the fee.

AUTHORITIES

Applicable Legislation and Guidance
The following laws, regulations, and guidance were consulted and followed in the development of the TSA PreCheck Application Program fee:

- Office of Management and Budget Circular A-25: User Charges
- Government Accountability Office Report (GAO-08-386SP): Federal User Fees - A Design Guide
- Aviation and Transportation Security Act, Public Law 107-71
- Department of Homeland Security Appropriations Act, 2006, Public Law 109-90
- TSA Modernization Act, Public Law 115-254
- Chief Financial Officers Act of 1990

---

[4] See 31 U.S.C. 3512.

METHODOLOGY

To ensure fee consistency and equity in the imposition of the fee across the entire population of program applicants, TSA prepared estimates for both costs and population for a five-year period. This approach apportions program costs evenly among all expected applicants during that period and, therefore, results in an equitable fee that is common for all applicants. The following methodology was employed in adjusting the TSA Component of the TSA PreCheck Application Program fee:

1. Determine costs by fiscal year — Utilizing the appropriate guidelines[5], TSA first estimated program costs for the purpose of fee determination. TSA considered all associated TSA program costs related to analyzing the immigration, terrorism, criminal, and regulatory violation information generated in the checks of the various databases; determining whether applicants have a disqualifying factor or are eligible for the TSA PreCheck® Application Program; notifying applicants of TSA's determination; conducting research and development for innovative enhancements to improve the TSA PreCheck® Application Program enrollment and the TSA PreCheck® airport experience; and continuing to monitor databases and information to confirm that the members remain low risk as estimated by the TSA Chief Finance Office, Enrollment Services and Vetting Programs Office, and other TSA stakeholder organizations. These costs are accumulated by fiscal year over a five-year period to equate with the maximum duration of service benefit. The TSA PreCheck Application Program fee is composed of defined subsets, or components. Each component represents a distinguishable service that is provided to the applicant.

2. Estimate the number of applicants — The estimate of total applicants by fiscal year, over the five-year period, is a forecast based on historical program application data, historical renewal rates, and estimates of COVID-19 air travel recovery. Unlike other TSA vetting programs established for defined populations (such as port workers or flight school students), this program is voluntary which creates some challenges in forecasting populations that may opt to apply for this security service or no expedited screening service at all. Additionally, other trusted traveler programs such as the Customs and Border Protection Global Entry program offer competing expedited screening products that complicate forecasting enrollments for the TSA PreCheck Application Program.

3. Fee Calculation—In order to determine the TSA Component of the TSA PreCheck Application Program fee, TSA apportioned estimated TSA costs over a five-year period across the estimated number applicants for that same period. Thus, the TSA Component has been designed to recover all TSA program costs from the program applicants that gain benefits from this security service over the five-year period.

---

[5] Office of Management and Budget Circular A-25 User Charges provides direction on determining and implementing user charges.

COSTS

The TSA Component of the TSA PreCheck Application Program fee has been determined by using cost estimates developed in accordance with the statutory language, section 540 of the DHS Appropriations Act, 2006[6], and Office of Management and Budget Circular A-25. Costs have been estimated for a five-year period to match the lifecycle of the program benefit and cover the full cost of TSA to operate the program.

Costs include processing applications, including checks for ties to terrorism, potential redress, communication of results to vendors and applicants, monitoring databases for potential disqualifications that could affect participant's status as approved enrollees, conducting initial research and development for innovative enhancements to program enrollment and the TSA PreCheck airport experience, and providing overall program management and oversight. Costs include estimates for personnel, information technology platform development and modifications, identification platforms, system redundancy, system integration, customer service, mailings, airport technology pilots, and general program management. These costs have been estimated by various line items for the five-year period. While there are both fixed and variable costs in this component, each line item can be somewhat scaled to meet actual demand. Table 1 provides further detail of the items that comprise this component and total approximately $774.7 million over five years of the program. Table 2 provides a detailed description of each line item estimated for the TSA fee component.

TABLE 1: Operations Segment Line Item Cost Estimates

Personnel Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Program Management	$ 5,868,000	$ 6,275,000	$ 6,376,000	$ 6,478,000	$ 6,581,000	$ 31,578,000
Vetting & Adjudication	12,102,000	12,943,000	13,150,000	13,360,000	13,574,000	65,129,000
Technology	4,645,000	4,968,000	5,047,000	5,128,000	5,210,000	24,998,000
Support	6,846,000	7,321,000	7,438,000	7,557,000	7,678,000	36,840,000
Personnel Total	**$29,461,000**	**$31,507,000**	**$32,011,000**	**$32,523,000**	**$ 33,043,000**	**$158,545,000**
Non-Personnel Costs						
Technology	72,163,000	74,328,000	75,079,000	76,580,000	78,112,000	376,262,000
Operations	28,231,000	28,796,000	29,372,000	29,959,000	30,559,000	146,917,000
Innovation	12,132,000	15,000,000	15,300,000	15,606,000	15,918,000	73,956,000
Marketing	3,660,000	3,733,000	3,808,000	3,884,000	3,962,000	19,047,000
Non-Personnel Total	**$116,186,000**	**$121,857,000**	**$123,559,000**	**$126,029,000**	**$128,551,000**	**$616,182,000**
Grand Total Costs	**$145,647,000**	**$153,364,000**	**$155,570,000**	**$158,552,000**	**$161,594,000**	**$774,727,000**

---

[6] Public Law 109-90 (119 Stat. 2064, 2088-89, Oct. 18, 2005).

TABLE 2: Operations Segment Line Item Descriptions

Cost Line Item	Description
Personnel Costs	
Program Management	Leadership and oversight through the management of teams consisting of Federal personnel including the formulation and implementation of program policy, budgeting, scheduling, evaluation and determination of best practices, supervision of effective operations and other management activities as necessary.
Vetting and Adjudication	Federal personnel that perform initial reference and review of applicant processing. Analyze individual results against applicable datasets to identify potential threats. Coordinate review of correction of records and help to ensure data integrity and quality assurance activities. Action to negate invalid matches and referring valid matches for further review and coordination. Apprise management of any significant threat. Manage data ingest, processing, and reporting of results including vetting program architecture, overseeing applications development, and managing related data processing/operations.
Technology	Federal personnel that manage technology systems and system integration activities required to conduct vetting and security threat assessment case management activities. Oversee information security/information assurances policies, principles and practices, while conducting risk and vulnerability assessments of planned and installed information systems to identify vulnerabilities, risks and protection needs.
Support	Federal personnel performing acquisition administration including contractual advice, vendor communications, and agency /departmental acquisition reviews. Revenue administration including accounting and processing of revenue transactions, regular revenue reconciliation and establishment and maintenance of revenue remittance platforms. Legal administration including guidance in the development of regulatory policy as well as privacy and information collection requirements.

Cost Line Item	Description
Non-Personnel Costs	
Technology	The design, development, implementation and operation of technology platforms necessary to support enrollment, vetting, processing, monitoring, management and communication with applicants. Costs include software (license, development, testing, and maintenance), hardware (testing and maintenance), system redundancy, related non-federal personnel, and related contract costs.
Operations	General services related to running and managing the program including cost for the TSA customer call center. Costs include variable and fixed costs for contract support, general office charges, supplies, mailings, travel, real estate, communications and other general costs.
Innovation	Investment in research and development to enhance the enrollment, screening, and airport experience. Development and prototype of equipment, processes, and procedures to identify, vet, and screen program members. Development and prototype of equipment, processes, and procedures to collaborate with enrollment vendors.
Marketing	Materials, media, and contracts utilized to promote and foster program benefits and offerings.

POPULATION

TSA conducted analysis of historical enrollments and renewal rates as well as estimates of air travel recovery in light of COVID-19 to estimate the number of expected TSA PreCheck Application Program applicants over a future five-year period. This analysis consisted of a review of actual application data from the program since inception in 2013 and of current market characteristics.

Population Factors

There two additional factors that will influence the ultimate number of enrolments for the TSA PreCheck Application Program. Foremost, the program is offered as a voluntary service. Unlike other TSA vetting programs where a regulated population may be required to complete vetting and can be more confidently estimated with the help of industry stakeholders or using published population figures, this program is voluntary and by definition, the population can vary depending on consumer demand. Applicants will face an economic decision point as they contemplate enrollment and will decide whether or not the cost of enrollment is worth the benefit of being eligible for TSA expedited screening services. This is particularly relevant given COVID-19 and an overall slowdown in air travel which has led to declines in enrollment.

Second, applicants will have other options to receive expedited checkpoint screening. These additional options add complexity in forecasting a precise number of enrollments in the TSA PreCheck Application Program. For example, a traveler that has successfully enrolled in the Customs and Border Protection (CBP) Global Entry program is not only eligible to receive expedited customs clearance services upon arrival in the United States, but also becomes eligible for expedited TSA PreCheck checkpoint screening services on domestic travel. Thus, an applicant makes an economic decision when choosing to enroll in CBP Global Entry for $100 or enrolling in TSA PreCheck Application Program. Further, applicants will soon be able to shop among multiple vendors and products to enroll in the TSA PreCheck Application Program. These additional offerings will affect customer demand for the traditional TSA product and further complicate precise forecasts for program enrollment.

Estimate

The population estimate consists of two parts, new enrollments into the program and enrollments from current members renewing their membership in the program. On average, TSA forecasts that nearly 3.5 million enrollments will occur each year, over the next five years. Thus, TSA estimates that over 17 million enrollments will occur over the five-year period of the program.

The new enrollment portion of the population estimate considers historical enrollment trends as well as TSA estimates of future travel volume, particularly taking into account the significant impact of COVID-19.

The renewal portion of the population estimate utilizes the actual renewal rate of applicants to determine for this portion of the population forecast. Over the life of the program, approximately 70% of applicants have opted to renew program membership at expiration.

TABLE 2: Population Estimate

Population	Year 1	Year 2	Year 3	Year 4	Year 5	Total
New Enrollments	1,776,750	1,777,548	2,196,025	2,415,628	2,415,628	10,581,579
Renewals	1,204,890	1,225,852	1,756,837	1,303,459	1,368,735	6,859,773
Population Total	**2,981,640**	**3,003,400**	**3,952,862**	**3,719,087**	**3,784,363**	**17,441,352**

FEE CALCULATION

TSA developed a cost and population model to determine a TSA Component fee that would generate sufficient revenue over a five-year period to satisfy TSA expenses over the same five-year period. The model also considered TSA resources available at the start of the five-year period and the TSA resource balance at the conclusion of the five-year period. TSA seeks to maintain a resource balance of 50% of annual operating costs each year to ensure program stability by carrying a sufficient balance to address unforeseen changes or interruptions in program operations[7]. TSA expects to have $89 million in resources available at the start of the five-year period, TSA projects costs of $774.7 million over the five-year period, and TSA desires to have approximately $60 million remaining at the conclusion of the five-year period. Thus, TSA needs to generate approximately $745.6 million in revenue over the 5-year period ($89 million beginning balance - $774.7 million in costs over five years + $745.6 million in revenue over five years = $59.9 million ending resource balance). To achieve revenue collections of approximately $745.6 million over the five-year period, TSA is required to impose a fee of $42.75 for each applicant over the five-year period ($745.6 million / 17,441,352 expected applicants over five years = $42.75 per applicant). See Table 3 for calculation details.

TABLE 3: TSA PreCheck Application Program Five-Year Resource Calculation

Resource Items	Dollars
Projected Beginning Resource Balance	$ 89,000,000
Projected Five-Year TSA Costs	$ (774,700,000)
Projected Five Year – TSA Revenue	$ 745,600,000
Projected Ending Resource Balance	$ 59,900,000

In summary, the TSA Component of the TSA PreCheck Application Program fee is set at $42.75 to recover approximately $745.6 million in total revenue from applicants over the next five years. This collection rate will cover the full TSA cost of providing program services to individuals that enroll in this TSA aviation security program over the next five years. This collection rate will also allow TSA to carry sufficient resources forward to continue ensure future program sustainability.

---

[7] Unforeseen circumstances such as a lapse in Federal Government Appropriations could curtail revenue recognition and cause an inability to satisfy financial obligations. Unexpected changes in program cost structures or enrollment behavior could create sudden financial impacts that require financial reserves to remediate.

CONCLUSION

The information and data captured in this report was gathered through research and discussion with subject matter experts. While this data and information represents the most accurate and current analysis of the estimated costs and estimated population at the time of publication, further adjustments may be necessary to consider changed or newly identified factors within this dynamic environment. TSA will review this fee not less than every two years. Any modifications to the TSA Component of the TSA PreCheck Application Program fee will be published for public notice.