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THE FUTURE OF THE REGISTERED TRAVELER PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION SECURITY AND INFRASTRUCTURE PROTECTION

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

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THE FUTURE OF THE REGISTERED TRAVELER PROGRAM

Wednesday, September 30, 2009

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON TRANSPORTATION SECURITY AND
INFRASTRUCTURE PROTECTION,
Washington, DC.

The subcommittee met, pursuant to call, at 2:09 p.m., in Room 311, Cannon House Office Building, Hon. Bennie G. Thompson [Chair of the committee] presiding.

Present: Representatives Thompson, Jackson Lee, DeFazio, Cleaver, Massa, Dent, Olson, and Austria.

Also present: Representative Lofgren.

Mr. THOMPSON [presiding]. The subcommittee will come to order. The Chairwoman of the subcommittee is handling a bill on the floor, and I have been asked to stand in her stead for however long.

The subcommittee is meeting today to receive testimony on the future of the Registered Traveler Program. Our witnesses today will help us access the state of the Registered Traveler, or RT, Program, and discuss the path forward.

I guess I can start at the outset: One of the real concerns that I have as Chair of the full committee, and I am sure other Members share it, I understand we have just received the testimony of TSA, which is clearly of violation of committee rules. That is not a good start for any hearing, and we will move into that a little bit later.

The hearing is designed to provide stakeholders and Congress with an opportunity to have an important dialogue about expectations and the path forward for this program. I am ready to work with TSA, but I also think it should consider the views of Congress as they were expressed in H.R. 2200.

To the private sector, I want to be sure that a quick closing of business doors not happen again. The traveling public deserves better. Since the closing of Clear's operation, staff has examined what happened at Clear, what TSA was doing with the RT program, and how the market was responding.

To be sure, things are still in flux. When the subcommittee sent a letter to Ms. Rossides earlier this summer inquiring about the disposition of Clear's customer data and TSA's role in it, TSA essentially washed its hands of any involvement or oversight.

Over the course of the last few months, however, TSA seems much more engaged in the RT program and that is a welcome development. I encourage TSA to make no judgments about the fu-

ture of the RT program until new leadership has the time to assess the path forward.

I am thankful, however, to Secretary Napolitano for her response earlier this month to the letter Ranking Member King and I sent to her in August requesting that TSA rescind its order to AAAE demanding that its RT customer information be deleted. This was a clear demonstration that the Secretary wants to keep options open, and I look forward to continuing our dialogue. I look forward to the discussion of our two panels today.

I now yield to the Ranking Member of the subcommittee, Mr. Dent, for an opening statement.

Mr. DENT. Thank you, Mr. Chairman. Good afternoon.

I would first like to thank all the witnesses for being here today.

Mr. Sammon, good to see you again.

First, I am very glad to hear the President has nominated someone for the TSA administrator. We look forward to getting to know Mr. Erroll Southers, and pending his confirmation in the Senate I hope we can have some strong collaboration, as we did with his predecessor, Kip Hawley.

Mr. Sammon, I would be remiss in my duties if—to the other Members of this subcommittee if I didn't highlight the fact that—and our rules are pretty strict about the presentation or submission of testimony 48 hours in advance, and, you know, it could result in the exclusion of your testimony from the record, barring the opening statement. Now, we are usually pretty lenient in this subcommittee, but getting the testimony a minute or 2 before a hearing that you knew was coming for a few weeks is a little frustrating. I guess the only thing I would ask is if we could have maybe Mr. Sammon read through his testimony so we get a chance to understand it.

Mr. THOMPSON. Without objection.

Mr. DENT. Thank you, Mr. Chairman.

We are here today to discuss the future of the Registered Traveler program. The program, as we all know, was created pursuant to an act of Congress, specifically the Aviation and Transportation Security Act, which gave TSA the authority to establish trusted traveler programs and use available technologies to expedite the security screening of passengers who participate in such programs.

The concept envisioned by the Congress was to allow individuals at no cost to the Government to voluntarily undergo background checks and in return receive expedited screening. This would allow limited Government resources to instead be focused on those passengers at the checkpoint of whom little is known.

Since its creation in 2003, DHS and its components have rightfully taken a risk-based approach to homeland security issues, and we see this concept incorporated into the many aviation security layers TSA already has in place. The concept of the Registered Traveler program falls right in line with TSA and the Department's approach, but unfortunately, TSA has never embraced the RT program.

In the words of my good friend, Mr. Lungren, at a recent TSA budget hearing: Registered Traveler? Congress likes the idea. Congress says it likes the idea. Congress repeats it likes the idea. Congress puts it in the legislation. TSA says, "What?" What does it

take for Congress to convince TSA and whatever administration it is that we are serious about Registered Traveler? Those are Congressman Lungren's words.

You know, we could sit here and debate the Registered Traveler program, you know, public partnership—public-private partnership that went wrong. Perhaps it was TSA's concern for clean skin terrorists, those people who might slip through a background check because they have no derogatory information at that point. Maybe it was simply a clash of personalities between TSA and the private sector service providers.

Regardless, we need to focus on how we move forward, because let me be very clear that Congress intends for the Registered Traveler program to move forward. In fact, 4 months ago H.R. 2200, the Transportation Security Administration Authorization Act of 2009, passed this subcommittee and the full committee unanimously. It overwhelmingly passed the House by a vote of 397 to 25 last June.

The act included a bipartisan provision on Registered Traveler directing TSA to report on how the Registered Traveler program could be integrated in the risk-based aviation security operations. Additional provisions were included that built upon the RT platform to provide expedited screening for military personnel and for people with security clearances.

As we know, this past June, Clear, a subsidiary of Verified Identity Pass, ceased its operations. Clear was the largest RT service provider, operating at 18 of the 22 Registered Traveler airports.

On one hand this was shocking news, but on the other hand it really wasn't. Clear and the other service providers, like FLO, who is represented here today, had been operating without any real support from TSA despite Congress' mandate. With TSA opposing the program at every turn, it really was only a matter of time before the service providers ran into trouble.

After Clear ceased operations, TSA was quick to ensure that all biographic data and personally identifiable information of registered travelers was secure, but it was disheartening to learn that TSA almost took action to delete and dismantle the Central Information Management System that enabled sharing between various registered traveler providers. This was a show, in my view, of bad faith and just underscored TSA's lack of support for Registered Traveler.

Fortunately, Chairman Thompson and Ranking Member King wrote Secretary Napolitano their concerns, and to date TSA has not deleted any information. I hope we can all learn from what happened with Clear.

I am encouraged by the appearance of Ms. Alison Townley, of Henry Incorporated. I understand Henry—the Henry company—is in negotiations with Clear to purchase some of Clear's assets, potentially succeed it in the registered traveler business.

TSA must remember that the private sector is an asset that should be leveraged as often as we can to help us secure our homeland. The Government can't do it all; its resources are not infinite.

The Registered Traveler program was envisioned as a public-private partnership so TSA could leverage the technology and ingenuity of the private sector, and I would like to hear today that TSA is willing to turn the page on Registered Traveler and that TSA is

committed to moving forward with this very important program. I look forward to the testimony we are going to hear today, and at this time I yield back the balance of my time.

Thank you, Mr. Chairman.

Mr. THOMPSON. Thank you very much.

Other Members of the subcommittee are reminded that under committee rules, opening statements may be submitted for the record. I now ask unanimous consent that Ms. Lofgren be allowed to sit as a Member of the subcommittee, in that she is a Member of the full committee.

Without objection.

I welcome our first panel of witnesses: Mr. John Sammon, assistant administrator for Transportation Sector Network Management at TSA. Our second witness, Mr. Carter Morris, is vice president of transportation policy at the American Association of Airport Executives.

Again, Mr. Sammon, one of the penalties for not getting your testimony in to the committee is that we won't have actually read it, because we just received it. Clerk just passed it out. Our rules of the committee clearly indicate that we should have had this information 48 hours ahead of time, and I would hope that when the administrator is confirmed he will assure this committee that such lack of timeliness will only—will not be on his official watch. So if you would, please read your statement for the subcommittee.

STATEMENT OF JOHN SAMMON, ASSISTANT ADMINISTRATOR, TRANSPORTATION SECTOR NETWORK MANAGEMENT, TRANSPORTATION SECURITY ADMINISTRATION

Mr. SAMMON. Again, good afternoon, Chairman Thompson, Representative Dent, and the distinguished Members of the subcommittee. It is my privilege to appear today before you to discuss the Registered Traveler program.

An overview of the history, as Representative Dent went over, the Aviation and Transportation Security Act authorized TSA to establish requirements to implement trusted passenger programs and use available technologies to expedite the security screening of passengers participating in such systems, thereby allowing security screening personnel to focus on passengers who should be subject to more extensive screening.

Based on this legislative mandate, TSA undertook Federally-funded pilot programs to explore new technologies, the needs of passengers and shareholders—stakeholders—and opportunities for private collaboration in order to develop a comprehensive RT program. TSA worked with private industry to roll out an expanded public-private partnership, test interoperability among multiple service providers. Private sector partners acted swiftly to move the program forward and establish interoperability standards that were approved by TSA in May 2006.

Following the approval of standards, TSA developed a comprehensive set of guidance documents allowing the private sector to implement the interoperability pilot phase. Implementation of the Registered Traveler Interoperability Pilot began with the release of the RTIP fee notice in the *Federal Register*. This expanded pilot

was designed to test the interoperability of biometric cards among multiple service providers at different airports across the country.

Three RT——

Mr. THOMPSON. Excuse me. Excuse me. Are you reading the testimony?

Mr. SAMMON. Yes, sir.

Mr. THOMPSON. That is not the testimony we have.

Mr. SAMMON. I am reading an oral.

Mr. THOMPSON. Are you reading the testimony?

Mr. SAMMON. No, sir. I am not reading the testimony.

Mr. THOMPSON. You need to read the testimony that we just received, all right? Read the testimony. The only reason you have to do it, we just got it, so we are looking at it at the same time.

Mr. SAMMON. An overview of the Registered Traveler program: The Aviation and Transportation Security Act authorized TSA to establish requirements to implement trusted passenger programs and use available technologies to expedite the screening of passengers participating in such programs, thereby allowing security screening personnel to focus on those passengers who should be subject to more extensive screening.

Based on this legislative mandate, TSA undertook Federally-funded pilot programs to explore new technologies, the needs of passengers and stakeholders, and opportunities for private collaboration in order to develop a comprehensive RT program.

During the summer of 2004, the Registered Traveler pilot program was initiated at five airports on a staggered basis around the country. In 2005, TSA initiated a new pilot, known as the Private Sector Known Traveler program, at Orlando International Airport to test the feasibility of a public-private partnership model for the RT program.

Following the Orlando pilot, TSA worked with private industry to roll out an expanded public-private partnership pilot to test interoperability among multiple service providers. The RT interoperability pilot was fee-funded.

The prospect of a terrorist not identified on a watch list raised questions about the viability of an RT program. This scenario was made abundantly clear in July 2005 when such terrorists attacked the London Transit System. Accordingly, TSA decided to devote its resources to other security-focused initiatives.

Given the public interest in the program, however, TSA decided to partner with private sector entrepreneurs, airlines, and airports to facilitate a market-driven RT program provided such a program would not create any security risk to the system. This led to the formation of a private sector-led program announced in February 2006.

Private sector partners acted swiftly to move the program forward and establish interoperability standards that were approved by TSA in May 2006, giving RT and TSA access to interoperable biometric credentialing systems that had been constructed in less than a year. Following the approval of standards, TSA developed a comprehensive set of guidance documents allowing the private sector to implement the interoperability pilot phase.

Implementation of the Registered Traveler Interoperability Pilot began with the release of a fee notice in the *Federal Register*. The

initial fee of $28 per participant covered TSA's costs for vetting and program management.

Any additional services or costs associated with the pilot were established by the vendor who, in turn, charged the participant for those services. This expanded pilot was designed to test the interoperability of biometric cards among multiple service providers at different airports across the country.

Three RT vendors participated in the RT pilot at approximately 23 airports. After an evaluation of the results of the pilot, TSA issued a notice in the *Federal Register* on July 30, 2008, announcing the conclusion of the pilot.

TSA determined that this private sector program did not provide any additional level of security. TSA determined that the security threat assessments were not a value added to the security process, and therefore, the $28 fee to conduct them was not good stewardship of the taxpayer dollars. As a result, TSA ceased conducting the STAs, or background checks, on RT participants while enabling RT to continue as a private sector customer service program without the TSA fee or STA.

By July 14, 2009, three vendors participating in the pilot—Unisys Corporation, Fast Lane Option Corporation, otherwise known as FLO, Clear Verified Identity Pass, and Vigilant Solutions—had ceased operations. This prompted the need for TSA to ensure the appropriate handling of participant information that RT vendors had collected and stored throughout the program's duration.

Accordingly, TSA instructed sponsoring airports and airlines, the entities with which TSA has a direct RT relationship, to ensure that RT equipment and customer information complied with the security and privacy requirements set forth in the TSA RT standards for security, privacy, and compliance guidance.

In addition, during the course of the pilot TSA used two systems, one managed directly by TSA for watch list checking and one operated by the Association—the American Association of Airport Executives, AAAE, under a transaction agreement with TSA to support interoperability containing personally identifiable information.

Since one system was directly managed by TSA and AAAE system, interfaced with its TSA system to submit information for STAs, TSA has been responsible for ensuring that these two systems operate in a secure manner consistent with the requirements of the Federal Information Security Management Act. Among other things, this act requires agencies to secure information maintained in information technology systems.

The data in the system owned and operated by TSA was deleted on August 1, 2009, consistent with the applicable records retention schedule approved by the National Archives and Records Administration, otherwise known as NARA.

The other system, which was operated by AAAE, is referred to as the Central Information Management System, CIMS. While TSA immediately ceased collecting information from program applicants at the conclusion of the pilot in 2008, TSA also provided a 12-month transition period to allow participants who enrolled immediately after—immediately before TSA ended the pilot to continue

to enjoy the benefit of using their RT card at all locations regardless of the vendor.

The CIMS system continued to facilitate this interoperability during the 12-month transition period. However, with the conclusion of the pilot and the 12-month transition period, TSA is reviewing its legal obligations, including those under the Privacy Act, the Federal Information Security Management Act, and the agreement with AAAE regarding the information contained within the CIMS system, the Central Information Management System.

DHS will continue to encourage interested vendors to work directly with airports, airlines, and TSA to identify and implement worthwhile concepts that will provide registered travelers a benefit while still maintaining both the level of security needed to ensure the safety of our transportation system as well as the confidentiality of personally identifiable information. As with any transportation security program, TSA will maintain regulatory oversight role for any such concepts adopted in the RT program.

In conclusion, thank you for the opportunity to discuss the future of the RT program. We look forward to working with Congress and other stakeholders on the future of this program and other programs that will enhance security for the traveling public while improving the travel experience.

I would be pleased to respond to any questions.

[The statement of Mr. Sammon follows:]

PREPARED STATEMENT OF JOHN SAMMON

SEPTEMBER 30, 2009

Good afternoon Chairwoman Jackson Lee, Representative Dent, and distinguished Members of the subcommittee. It is my privilege to appear before you today to discuss the future of the Registered Traveler (RT) Program from the perspective of the Transportation Security Administration (TSA).

REGISTERED TRAVELER: AN OVERVIEW OF THE HISTORY

The Aviation and Transportation Security Act (ATSA) authorized TSA to "establish requirements to implement trusted passenger programs and use available technologies to expedite the security screening of passengers who participate in such programs, thereby allowing security screening personnel to focus on those passengers who should be subject to more extensive screening."

Based on this legislative mandate, TSA undertook Federally funded pilot programs to explore new technologies, the needs of passengers and stakeholders, and opportunities for private collaboration in order to develop a comprehensive RT program. During the summer of 2004, the Registered Traveler Pilot Program was initiated at five airports on a staggered basis around the country. In 2005, TSA initiated a new pilot, known as the Private Sector Known Traveler, at Orlando International Airport (MCO), to test the feasibility of a public-private partnership model for the RT program. Following the Orlando pilot, TSA worked with private industry to roll out an expanded public-private partnership pilot to test interoperability among multiple service providers. The RT Interoperability Pilot (RTIP) was a fee-funded program.

The prospect of a terrorist not identified on a watch list raised questions about the viability of an RT program. This scenario was made abundantly clear in July 2005, when such terrorists attacked the London transit system. Accordingly, TSA decided to devote its resources to other security-focused initiatives. Given the public interest in the program, however, TSA decided to partner with private sector entrepreneurs, airlines, and airports to facilitate a market-driven RT program, provided such a program would not create any security risk to the system. This led to the formation of a private sector-led program announced in February 2006.

Private sector partners acted swiftly to move the program forward and established interoperability standards that were approved by TSA in May 2006—giving RT and

TSA access to an interoperable biometric credentialing system that had been constructed in less than a year.

Following the approval of standards, TSA developed a comprehensive set of guidance documents allowing the private sector to implement the interoperability pilot phase. Implementation of the Registered Traveler Interoperability Pilot (RTIP) began with the release of the RTIP Fee Notice in the *Federal Register*. The initial fee of $28 per participant covered TSA's costs for vetting and program management. Any additional services or costs associated with RTIP were established by the vendor, who, in turn, charged the participant for those services. This expanded pilot was designed to test the interoperability of biometric cards among multiple service providers at different airports across the country. Three RT vendors participated in the RTIP at approximately 23 airports.

After an evaluation of the results of the RTIP, TSA issued a Notice in the *Federal Register* on July 30, 2008, announcing the conclusion of the pilot. TSA determined that this private-sector program did not provide any additional level of security. TSA determined that the security threat assessments (STAs) were not a value-add to the security process and therefore, the $28 fee to conduct them was not good stewardship of taxpayer dollars. As a result, TSA ceased conducting the (STAs) on RT participants, while enabling RT to continue as a private sector customer service program without the TSA fee or STA.

REGISTERED TRAVELER: AN OVERVIEW OF THE CURRENT STATUS

By July 14, 2009, the three vendors participating in the pilot—Unisys Corporation/Fast Lane Option Corporation (FLO), Clear/Verified Identity Pass (VIP), and Vigilant Solutions—had ceased operations. This prompted the need for TSA to ensure the appropriate handling of participant information that RT vendors had collected and stored throughout the program's duration. Accordingly, TSA instructed sponsoring airports and airlines—the entities with which TSA has a direct RT relationship—to ensure that RT equipment and customer information complied with the security and privacy requirements set forth in the TSA RT Standards for Security, Privacy, and Compliance guidance. In addition, during the course of the RTIP, TSA used two systems—one managed directly by TSA for watch list checking and one operated by the American Association of Airport Executives (AAAE) under an Other Transaction Agreement (OTA) with TSA to support interoperability, containing personally identifiable information (PII). Since one system was directly managed by TSA and AAAE's system interfaced with TSA's system to submit information for STAs, TSA has been responsible for ensuring that these two systems operate in a secure manner consistent with the requirements of the Federal Information Security Management Act (FISMA). Among other things, FISMA requires agencies to secure information maintained in information technology (IT) systems. The data in the system owned and operated by TSA was deleted on August 1, 2009, consistent with the applicable records retention schedule approved by National Archives and Records Administration (NARA).

The other system (operated by the AAAE) is referred to as the Central Information Management System (CIMS). While TSA immediately ceased collecting information from program applicants at the conclusion of the pilot, TSA also provided a 12-month transition period to allow participants who enrolled immediately before TSA ended the pilot to continue to enjoy the benefit of using their card at all RT locations regardless of the vendor. The CIMS continued to facilitate this interoperability during this 12-month transition period. However, with the conclusion of the RTIP and the 12-month transition period, TSA is reviewing its legal obligations, including those under the Privacy Act, FISMA, and the OTA with AAAE regarding the information contained within the CIMS system.

REGISTERED TRAVELER: LOOKING AHEAD

DHS will continue to encourage interested vendors to work directly with airports, airlines, and TSA to identify and implement worthwhile concepts that will provide registered travelers a benefit, while still maintaining both the level of security needed to ensure the safety of our transportation system, as well as the confidentiality of personally identifiable information. As with any transportation security program, TSA will maintain its regulatory oversight role for any such concepts adopted in the RT program.

CONCLUSION

Madam Chairwoman, thank you again for the opportunity to discuss the future of the RT program. We look forward to working with Congress and other stakeholders on the future of this program and other programs that will enhance security

for the traveling public while improving the traveling experience. I would be pleased to respond to any questions.

Mr. THOMPSON. Thank you.

We now yield to Mr. Morris for 5 minutes to summarize his statement.

STATEMENT OF CARTER MORRIS, SENIOR VICE PRESIDENT, TRANSPORTATION POLICY, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

Mr. MORRIS. Thank you, Mr. Chairman, Members of the subcommittee, for holding this important hearing on Registered Traveler, and we appreciate your continued interest in the program. I would like to emphasize just a few key points from our written testimony.

Undertaking efforts to enhance security and efficiency at screening checkpoints, which is exactly what the Registered Traveler promises to do by better aligning resources with the greatest potential threats, will become more important as traffic returns to the aviation system. It is only a matter of time before congestion checkpoints and associated safety, security, and convenience issues reemerge.

Our thanks to the committee for the provisions that were included in TSA authorization legislation to fortify the Registered Traveler program, including enhancing background screening for enrollees and the prospect of expedited checkpoint processing for program participants. In our view, these steps will help the program reach its full potential.

Many of the program enhancements envisioned in H.R. 2200 are in line with what airports and industry have long supported with trusted traveler programs, namely interoperability, utilization of biometric verification tied to enhanced background checks for enrollees, screening benefits, and a robust airport-driven private program with TSA oversight.

Looking forward, it is clear that these key elements are necessary for a robust future trusted traveler program, and while there may be varying degrees of interest in programs that contain only some of these items, the more you chip away at these core elements the less attractive the program will be to travelers and to airports.

Reducing key program elements will also result in fewer opportunities to create real operational partnerships between airports and the Government that enhance security and efficiency at the security checkpoints.

The good news is that at this point we have a firm understanding of the key program elements that are necessary for a viable trusted traveler program as well as the technical expertise to make such a program work. AAAE has played a key role in that regard through its work with Registered Traveler Interoperability Consortium and with the development of the Central Information Management System, or CIMS.

Working with more than 60 airports, 30 biometric and IT management companies, and with TSA oversight, the RTIC produced a 158-page consensus document that forms the technical foundation of the Registered Traveler program, which grew to 22 airports

served by four unique TSA-certified Registered Traveler service providers.

The CIMS is the world's most advanced interoperable information management system of travelers' biometric data, and as part of RT the CIMS has been responsible for several key functions, including processing all records for program enrollees, interfacing with the TSA for background checks, ensuring an unbreakable chain of trust from vetted enrollments, to issued credentials, to the revocation of those credentials.

CIMS is the critical engine that ensures interoperability, meaning that participants who sign up in San Francisco with one service provider are guaranteed, recognized, and accepted that they can travel to other airports that have chosen to participate in the program and receive the same services and benefits.

The CIMS should and can play a key role in any future trusted traveler program and has maintained, in strict accordance with TSA requirements and oversight as well as contractual obligations with service providers, data from program participants.

There are policy decisions that must be made as to whether or not that data should be maintained and leveraged as the part of a future program. In our view, it would be a step backward to delete such data, a move that would force reenrollment for all travelers, and with that said, we are obligated to comply with TSA's orders in this area and we look forward to working with the agency and this subcommittee to devise a course that makes sense for the future of a robust trusted traveler program.

Madame Chairwoman, while the experiences with Registered Traveler have been far from perfect to this point, much progress has been made to create the foundation for a viable future trusted traveler program from a technical and operational standpoint. If you would consider that, over 4 years, the Registered Traveler program facilitated unique new layers of security and convenience to over 250,000 travelers who use the aviation system the most—they volunteered to participate, were vetted against Government terrorist databases, and used one of the world's most secure credentials issued to the public.

Many expedited passenger programs, in fact, around the world have used the U.S. Registered Traveler program as a template for similar traveler security and border crossing programs. With that foundation and with the clear guidance and support from Congress and TSA, we remain convinced that we can make the promise of this program a reality.

We look forward with working with the agency and this subcommittee to that end, and I thank you for your time.

[The statement of Mr. Morris follows:]

PREPARED STATEMENT OF CARTER MORRIS

SEPTEMBER 30, 2009

On behalf of the American Association of Airport Executives (AAAE) and the thousands of men and women the Association represents who manage and operate primary, commercial service, reliever, and general aviation airports across the country, I want to thank the subcommittee for the opportunity to reflect on the future of Registered Traveler (RT). We remain grateful for your long-standing interest in and support for this important program.

The imperative to move forward with some sort of "trusted traveler" program will only increase as traffic begins to return to the aviation system, which most analysts agree will happen in the near future. Prior to the economic downturn, the situation at many airports was approaching unbearable with growing lines at screening checkpoints frustrating passengers and creating a dangerous safety and security situation. While the temporary downturn in traffic has pushed many of these problems to the back burner, there is little doubt that they will soon return—making it all the more important that we are here today discussing a concept that holds tremendous promise in enhancing security while improving efficiency in the airport environment.

I also want to take the opportunity to recognize and thank this subcommittee and the full committee for the provisions included in TSA reauthorization legislation—H.R. 2200—aimed at fortifying the RT program and the trusted traveler concept. In our estimation, the approach you have taken as part of that legislation to enhance the background screening process for enrollees and to evaluate program improvements, including the possibility of expediting the screening process for program participants, are extremely helpful and important. We firmly believe that those changes can and should be integrated into risk-based aviation security operations at airports.

The changes you have advocated in H.R. 2200 would bring the program in line with what airports and our industry partners have recommended since the earliest days of discussion regarding the program. As you know, many of these key elements—including security threat assessments for enrollees and the utilization of technology to provide screening benefits for program participants—were present in the early days of the program. Unfortunately, these benefits eroded and disappeared over time, lessening the value of the program and its attractiveness to airports and the traveling public. The good news is that with many important pieces in place and with many lessons having already been learned, a successful trusted traveler program is well within our reach.

AIRPORTS HAVE LONG SUPPORTED TRUSTED TRAVELER CONCEPT AND DEVELOPMENT OF RT

AAAE and the airport community have long supported the "trusted traveler" concept as an innovative security layer that focuses limited Federal resources on the areas of greatest impact within the aviation system.

AAAE President Chip Barclay (along with Southwest Airlines executive Herb Kelleher and law enforcement veteran Ray Kelly) was a member of the high-level airport security Rapid Response Team created in the immediate aftermath of 9/11 by then-DOT Secretary Norman Mineta to deliver detailed recommendations for improving security within the National aviation system. In its report issued in October 2001, the Rapid Response Team determined that "There is an urgent need to establish a nationwide program of voluntary pre-screening of passengers, together with the issuance of 'smart' credentials, to facilitate expedited processing of the vast majority of air travelers and to enable security professionals to focus their resources more effectively."

The concept subsequently received the strong endorsement of the 9/11 Commission and has been advocated by numerous others. The trusted traveler concept allows for intense focus on individuals who, at no cost to Government, voluntarily provide biographic and biometric information, freeing resources at screening checkpoints to focus on those for whom little is known. The result is enhanced security and improved efficiency at screening checkpoints.

Working closely with TSA, airports, and the technology community, AAAE has taken a leadership role over the years in championing the concept and pursuing its Nation-wide implementation with the Registered Traveler (RT) program. Although not directly responsible for processing passengers at screening checkpoints, airports long ago recognized that there was great potential value in terms of enhanced security and efficiency with the deployment of a Nation-wide, interoperable RT program. Airports also understood that they were uniquely situated to bring interested parties together to chart a course that would result in the successful deployment and operation of the program.

In June 2005, AAAE—at the urging of several of our airport members—formed the Registered Traveler Interoperability Consortium (RTIC). The goal of the RTIC was to establish common business rules and technical standards to create a permanent, interoperable, and vendor-neutral RT program. In addition to nearly 60 airports, RT service providers and leading biometric and identity management companies were active participants in the consensus-driven process as was the Transportation Security Administration, which played a critical role in establishing and en-

suring compliance with stringent Federal security standards. AAAE appeared before this subcommittee in November 2005 to detail the work of the RTIC and airport efforts to pursue a Nation-wide, interoperable RT program.

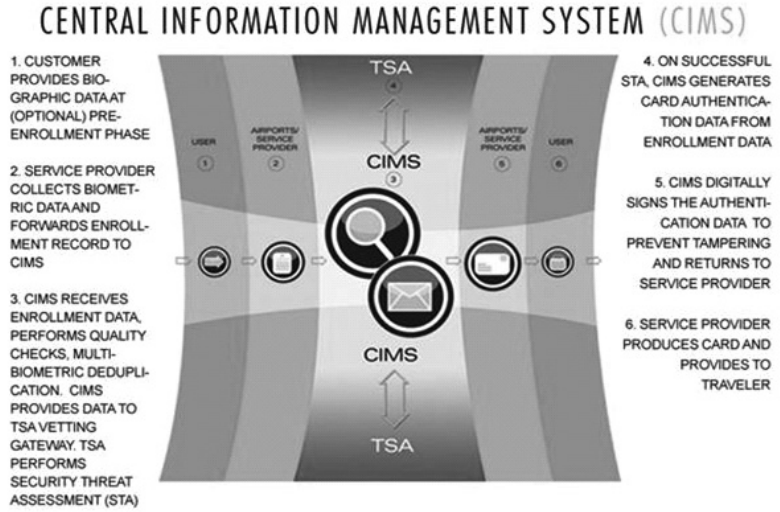
Throughout 2006, the RTIC worked aggressively to define, develop, and implement the RT program at interested airports. In 2006 alone, the group dedicated more than 500 work hours to create the RTIC Technical Interoperability Specification, a detailed, 158-page technical standards document approved by the TSA that serves as the technical requirements for the interoperable RT program that eventually grew to more than 20 airports prior to the recent cessation of the program. The RTIC technical specification has been updated numerous times since it was first created and serves as a living document that can be altered to reflect future program requirements.

While there have certainly been challenges and frustrations along the way—many of which are being explored as part of this hearing—the experiences with the RTIC make clear that the best path forward for the RT program—or any subsequent trusted traveler concept—is one in which Federal resources and standards are combined with the knowledge, expertise, and creativity of airports, airlines, and aviation-oriented businesses. That approach led to the successful launch of RT as a secure, interoperable, Nation-wide program, and we remain convinced that the future of the program depends on effective partnerships between the Federal Government and the private sector.

THE CENTRAL IDENTITY MANAGEMENT SYSTEM (CIMS)—SECURITY AND INTEROPERABILITY

In addition to facilitating the development of the business rules and technical standards that proved critical to getting RT off the ground, AAAE's owned and operated Transportation Security Clearinghouse developed and runs a TSA-certified and audited centralized identity management system known as the Central Information Management System or CIMS.

The CIMS is the world's most advanced interoperable information management system of travelers' biometric data. The first of its kind, CIMS enables verification of registered individuals with two types of biometrics by any certified operator at any participating airport with the very highest level of accuracy and security. As part of RT, the CIMS has been responsible for several key functions, including processing all records for program enrollees, interfacing with the TSA for background checks, ensuring an unbreakable chain of trust from vetted enrollments to issued credentials, to revoking credentials. Notably, the CIMS is capable of accommodating multiple biometrics, including fingerprints and iris.



The CIMS, which is capable of processing literally millions of enrollments from independent locations across the country, served as the critical engine that facilitated interoperability at various airport locations among multiple vendors. A key

component of the RT program and of any trusted traveler program going forward is interoperability, meaning that participants who sign up in Phoenix must be recognized and accepted as they travel to other airports that have chosen to participate in the program, be it Denver, Atlanta, Washington or other airports throughout the aviation system. CIMS, through its standards-based and vendor-neutral architecture, provides the back-end security and technology that enables interoperability. As a result of the CIMS, the RT cards issued to over a quarter of a million participants in the RT program are among the most secure and interoperable non-Federally issued credentials issued to the general public.

The CIMS was built with strict oversight from TSA and has been audited by the agency repeatedly to ensure full compliance with the broad array of Federal security requirements pertaining to privacy and data protection, among others. Last year, the CIMS was recognized by the National Electronic Commerce Coordinating Council (eC3) as the 2008 Excellence Award winner for innovation in protecting the privacy and integrity of citizen information.

I would note that since the RT program ceased earlier this year, we have taken every precaution to continue to protect enrollee data in strict compliance with TSA requirements. We have been in constant contact with the agency and stand ready to comply with any future demands pertaining to such data.

We are proud of the CIMS and firmly believe that it holds tremendous value as part of RT or any future trusted traveler program. From a technical standpoint, the CIMS has proven itself invaluable, serving as the critical hub for facilitating interoperability among service providers and at airports across the country and for processing necessary checks and security controls. In its 3 years in operations, CIMS supported a system of four independent service providers at 22 airports with more than 250,000 actively enrolled participants. Whatever shape a future trusted traveler program may take, it is clear that the CIMS can and should continue to play a central role in performing key functions.

AIRPORTS STAND READY TO SUPPORT A FUTURE TRUSTED TRAVELER PROGRAM

As is evident by today's hearing, there are a number of policy questions regarding the future of the program that must be answered by TSA in collaboration with the Congress. Among other things, policymakers must consider the specific role of TSA with the program, whether it will serve as a "front-of-the line" service or a security program with a resumption of security threat assessments or other checks, and whether or not program participants should be afforded screening benefits, such as leaving shoes on or laptops in their cases as they are processed through checkpoints.

While airports may have differing views on some of these key questions, there is broad agreement that any future trusted traveler program must function primarily to enhance security and expedite the travel experience. Those two pillars are the primary values that the Nation's frequent air travelers want as well and that each of you as policymakers rightly will demand. By enhancing efficiency at airport screening checkpoints, TSA screeners will be able to better focus their limited resources on the critical task of providing more rigorous screening to individuals about whom we know less than those who have voluntarily submitted their background for extensive vetting and clearance.

The unique operational relationships between airports and TSA forged through this program can also serve as a platform for process and technology innovation at checkpoints. Emerging detection and surveillance technologies can be tested as a part of the trusted traveler process with less risk and more impact than with isolated pilot programs.

As each Member of this subcommittee knows as a frequent traveler, every airport is unique. A successful, long-term trusted traveler program depends on the implementation of a technical, operational, and business model capable of supporting individual airport needs, while providing the common infrastructure that allows passengers to use this capability at any airport Nation-wide. In recognition of that fact, it is critical that any future program continue to be airport-driven and run outside of Government with careful and consistent Government standards and oversight.

In terms of specifics, many of the initial principles outlined by airports and our partners working with the RTIC arguably remain as valid today as they did some 3 years ago. At that point, RTIC members agreed to support a system where:

- Qualified applicants in the RT Program will agree to voluntarily provide TSA-specified personal data, both biographic and biometric, which will be used by TSA to assess the security threat of each participant.
- Service providers will be responsible for enrollment operations, including collection and verification of personal data of eligible applicants. Service providers

must protect and maintain all personal data related to an applicant in a secure manner and prevent the unauthorized disclosure of the personal data.

- Service providers must securely transmit valid application enrollment data to the Central Identity Management System (CIMS). The CIMS will receive enrollment data from the RT service providers and will validate and perform duplicate checking of received enrollment data and forward data to the TSA for security threat assessments.
- The TSA will conduct the security threat assessments and return results daily.
- On receipt of notification of an acceptable security threat assessment for an applicant, the CIMS will notify the RT service provider for that applicant of the updated status of the applicant and will forward the applicant's credential information to the service provider.
- The credential information sent to the service provider will include a digitally signed biometric template generated by the CIMS which will ultimately be placed on RT participants' cards. The central issuance of the biometric template ensures technical interoperability but also importantly provides a chain of trust between an individual's biometric and the same individual's vetted identity.
- Service providers will issue and deliver participants' membership cards (e.g. smart cards). Service providers must notify CIMS of any future changes in the status of their participants, such as lost or stolen cards. Service providers are also responsible for customer service, including communicating with applicants regarding their approval status and responding to applicant and participant inquiries.
- Service providers may not unnecessarily disclose biographic and/or biometric data required for the purpose of the RT Program and collected by the service provider from RT Program applicants or participants. Service providers may not sell or disseminate any biographic and/or biometric data required for the RT Program and collected by the service provider from RT Program applicants or participants for any commercial purposes without the approval of the airport.
- Participating traveler processing will occur at the airport's security checkpoints. The placement of the RT screening stations will be located in front of the TSA passenger screening areas. Passengers that are not enrolled in the RT Program or are not approved when presented at the RT processing area will use the normal TSA security lines/lanes. Passengers that are enrolled and approved will use the designated RT security screening lines/lanes.
- Biometric technology will be used for traveler identity verification at the RT screening stations. Once a participant presents their membership card, fingerprint, and iris biometric features will be used to verify passenger identity. Proposed biometric systems shall be currently operational, highly accurate, cost-effective, and capable of confirming the identities of large populations within short time constraints.
- Service providers will operate the RT screening stations, including the timely update of system and card revocation status to ensure fast, secure, and reliable verification and status-checking at the airport checkpoint.
- Service providers are responsible for installing, furnishing, integrating, operating, and maintaining all of their required equipment and systems.
- The RTIC will create and maintain the technical and business rules for the RT Program. The RTIC will operate a certification program for RT service providers to validate the conformance of their systems, service levels, and processes with the RT Program rules. Service providers will be required to undergo an annual re-certification and auditing of their systems and processes.
- Service providers will market the RT program to potential applicants and will use standardized RT Program logos and signage within their marketing.

While some adjustments to this model may be necessary and appropriate, it is clear that the basic framework outlined here offers a roadmap for a re-constituted program that offers great prospects for sustainability. We believe that these principles are in line with those outlined by the subcommittee in H.R. 2200.

In closing, I would emphasize the tremendous work that has been done to this point to get a viable, interoperable trusted traveler program off the ground with RT. With all of the pieces in place from a technical and business process standpoint, the only thing missing is clear direction and certainty as to what a future program may entail. The interest level of the traveling public will undoubtedly increase as traffic returns to our Nation's airports as will the imperative to have a workable program in place.

AAAE and the airport community remain committed to working with our industry partners, with Congress, and with TSA to make the promise of a trusted traveler program a reality. Thank you very much for the opportunity to appear at this important hearing.

Ms. JACKSON LEE [presiding]. Let me thank the witnesses for their testimony, and let me place on the record that a bill that I co-authored was on the floor of the House and we were debating it. I thank the Members of the committee and the Chairman of the full committee and the Ranking Member and Members for their indulgence.

I would like to yield now for 5 minutes for his questions, Ranking Member of the subcommittee. Mr. Dent.

Mr. DENT. Thank you, Madame Chairwoman.

Mr. Sammon, again, thanks for joining us today. I have a series of questions that are pretty much yes or no that I would like to get through first. From that I would like to engage you in a little bit of dialogue.

First, GAO has used red teams in the past to test TSA's screeners, have they not?

Mr. SAMMON. Yes.

Mr. DENT. Does TSA have its own internal red teams?

Mr. SAMMON. Yes.

Mr. DENT. Have TSA screening personnel failed these red team inspections in the past?

Mr. SAMMON. Yes.

Mr. DENT. So to protect the American public, TSA has implemented several layers of security, both seen and unseen, such as behavioral detection officers, document checkers, terrorist watch lists, air marshals, hardened cockpit doors, and armed pilots——

Mr. SAMMON. Yes.

Mr. DENT. So I struggle with the TSA's repeated opposition to their, you know, to the Registered Traveler program. Why are you less concerned with the vetted flight mechanic or baggage handler placing a bomb into the belly of an aircraft than a vetted traveler?

Mr. SAMMON. We are not opposed to it. When we looked at the security benefit that was being provided, the terrorist watch list essentially is the same check that you get when you buy a passenger ticket. So the registered traveler coming to the checkpoint had no increased benefit, from a security standpoint, than the passenger who purchased a ticket.

Mr. DENT. Yes. I understand TSA, as I think you mentioned in your testimony, charged $28 to conduct a criminal background check for RT registrants. Our witnesses in the second panel submit that those checks were never done. Were criminal background checks ever done?

Mr. SAMMON. The checks that were done were CIMS—NCIC checks, which essentially are watching warrants checks, which are the same checks that an officer might do for a person who is stopped for a traffic violation. It is a name-based check, yes.

Mr. DENT. So that is where the money went to pay for those checks?

Mr. SAMMON. Well, it also paid for the watch list checks and vetting of people who were submitted for the Registered Traveler program, the names that had to be vetted and also disputes resolved, and so on and so forth.

Mr. DENT. Thank you. When Clear ceased operations, Members of the committee were deeply troubled to learn that there was a movement at TSA advocating for and directing that all biometric

data and personally identifiable information of RT program participants be deleted from the RT Central Information Management System, CIMS, database. What can you tell us about that situation?

Mr. SAMMON. Well, I think after the companies had ceased operations, we were concerned about what would happen to the privacy information and the privately-provided information. We contacted these sponsors for all the vendors and went through the procedures and processes under the Privacy Act under the security agreements, in terms of dealing with the data, making sure that there were not laptops left at kiosks, that the data left in the open was secured and clean.

Upon further review, as required by the Privacy Act and other information security acts, we took actions to secure the data that was out there, including CIMS.

CIMS was originally put together for interoperability. Since there was on one operating and it was no longer providing a Federal function—Federal Government function—TSA felt that there was a risk—though it may not be a large risk, but still a risk that if the data was released that that privacy information would get out. So that was our concern about leaving a database out there that was not being used and functioning.

Mr. DENT. Did you engage legal counsel—did legal counsel advise TSA on this situation when it came up?

Mr. SAMMON. TSA legal counsel and privacy counsel, yes.

Mr. DENT. Which statutory requirements did they—was it the Privacy Act that you——

Mr. SAMMON. Yes. It was the Privacy Act and the Federal Information Security Management Act, and also under our agreement with AAAE there were requirements for protecting data if the data was not going to be used. So——

Mr. DENT. Did they think that the statutory requirement required that the data be deleted immediately?

Mr. SAMMON. I believe that they were simply moving ahead to make sure that the data—at that time it did not look like anyone was resuming operations, and they wanted to protect the data and protect any leaks of that data.

Mr. DENT. My final question: Our former TSA administrator, Kip Hawley, whom we had a tremendous respect for, was never very fond of the RT program. Mr. Hawley was concerned about what he called "clean skin terrorists." Can you walk us through TSA's definition of what a clean skin terrorist is?

Mr. SAMMON. Yes. For instance, the terrorist who were involved in the London subway bombings, the people who attacked the Velasco Airport—if you ran their names on a terrorist watch list you wouldn't find them.

Mr. Hawley, if you go back to the testimony in July 2007 on this very subject, Mr. Hawley expressed a concern that if we established, particularly to look at the security benefits—say we said that registered travelers would be provided the security benefit, say, of not taking your shoes off. This concern would be that the terrorist would look to recruit people who did not have a—who did not appear on watch lists and then who could take advantage of

that security loophole, namely with shoes, because everyone else would have their shoes checked.

So what he was referring to as a "clean skin" was someone who would not show up on a watch list. Once you provide a loophole in the security system, whether it is you can walk through with your shoes or you can do something else, your opposition starts about to game the system, just like when we looked only for explosives—traditional explosives, they went to liquids; We looked for guns, they went to box-cutters. So when you put the rules up, and if you put a loophole, people—your opposition is going to try to game that. That was his main concern.

Mr. DENT. But you feel that there are always going to be—there are always going to be clean-skinned individuals out there who are going to try to do harm to our Nation?

Mr. SAMMON. Yes, sir.

Mr. DENT. You know, Alder James, Robert Hanssen——

Mr. SAMMON. Right.

Mr. DENT [continuing]. You know, didn't both of these individuals go through far more extensive security background checks, and didn't that also result in American casualties and deaths?

Mr. SAMMON. Yes. I have a top secret clearance, and I go through the same security checks that everybody else does.

Mr. DENT. Thank you.

I yield back to the Chairwoman. Thanks.

Ms. JACKSON LEE. Thank you very much.

Yield myself 5 minutes, and I will offer my opening statement at the beginning of the second panel.

Mr. Sammon, thank you for being here, but the Registered Traveler program is on life support. Clear and FLO failed its passengers, and this hearing is to determine what our next steps are.

So I am interested in just what TSA can and expects to do as we move forward. Can TSA commit to reassessing whether to provide a security benefit to the RT program?

Mr. SAMMON. We are awaiting the speedy nomination of our nominee and expect that he will, once he gets into that and evaluates the benefits and what kind of security benefits can be provided, and we will work closely with him and DHS, yes, ma'am.

Ms. JACKSON LEE. For the edification of all of us, we are delighted that there is a nominee, and do you want to update us as to whether or not he has had a Senate hearing?

Mr. SAMMON. He has not yet had a Senate hearing, no, ma'am.

Ms. JACKSON LEE. I look forward to engaging.

Do you think there is a role for TSA in the RT program?

Mr. SAMMON. We do believe there is a role. We work with the airports closely on all security measures and all of these programs. We think that there is a security role, and we look forward to working with vendors and people who want to continue to come forward with new and better ideas to how to make it work.

The concept is a great concept if we can provide a benefit for people we know more about, and the trouble we have had is just trying to make that—what is a proper amount of information about a person that will allow you to give them the security benefit?

Ms. JACKSON LEE. Well, I think RT collapsed when TSA walked away from conducting the security threat assessment on RT passengers in 2008. Why did you do that?

Mr. SAMMON. We looked at the pilot, examined what was happening in the pilot, and we compared the security benefit that they were—that RT was providing versus the security that every other airline passenger has in a watch list check. We concluded that there was little additional benefit, and we thought that it did not make sense to continue charging passengers and the vendors for another watch list check that they would get every time they purchased a ticket.

Ms. JACKSON LEE. But if we wanted to add that security benefit, TSA, under a new administrator, would be prepared to look at it?

Mr. SAMMON. We would be happy to explore alternatives, yes, ma'am.

Ms. JACKSON LEE. Does Clear or FLO, in order to restart, have to get permission from TSA?

Mr. SAMMON. I believe they need to resubmit an application, yes, ma'am.

Ms. JACKSON LEE. How did AAAE acquire the contract for the CIMS database?

Mr. SAMMON. Ma'am, I am not completely sure.

Ms. JACKSON LEE. Can you provide in writing as to whether or not it was through a competitive process?

Mr. SAMMON. Yes.

Ms. JACKSON LEE. Thank you.

Mr. Morris, AAAE met with my staff several times this summer to discuss the RT program. One briefing was held in August—August 5. At that time nor in the days following the company did not notify us that TSA had instructed you to provide a plan for data deletion from CIMS the day before, August 4. Whey did you not notify the subcommittee of this?

Mr. MORRIS. Yes, ma'am. We were up here talking to the staff and were in the middle of on-going conversations with the agency throughout August. As soon as we became aware and received a letter from TSA that they were interested in decommissioning the CIMS system we passed that along to committee staff and engaged in——

Ms. JACKSON LEE. What date was that?

Mr. MORRIS. That would have been—August 17 is when we received the TSA letter and submitted the revised plan and would have had a conversation on August 18.

Ms. JACKSON LEE. I don't know if you have that letter or if we have that letter, or I hope my staff will present it to me. If not, if you would, I would just encourage you if you were in discussions, we are all on the same team, to at least allow us that information.

Very quickly, how did AAAE acquire the contract for the CIMS database?

Mr. MORRIS. We actually worked through the Registered Traveler Interoperability Consortium to bring together airports and service providers around a Registered Traveler model that TSA had insight into but did not directly participate in. It was the recommendation of the RTIC that AAAE's transportation security clearinghouse serve as the Central Identity Management System,

and then TSA endorsed that and engaged in another transaction agreement with AAAE.

Ms. JACKSON LEE. Do you have a quick vision for RT?

Mr. MORRIS. Yes. The vision for RT and many airport members who participated in the RT program would be that it serve as a platform—not just a technology and operational platform, but also a relationship platform, where airports and TSA can work together to increase both the efficiency and the security at the checkpoints in hundreds of airports around the system.

Ms. JACKSON LEE. I am going to go to Mr. DeFazio, Mr. Olson, because I reordered the schedule of time by yielding to Mr. Dent first. So I will be going to Mr. DeFazio for 5 minutes.

Mr. DEFAZIO. Thank you, Madame Chairwoman.

You know, I am probably the only Member of the committee who was a principal on the aviation committee in creating the TSA and was involved in the very early discussions of some sort of known traveler, trusted traveler, or whatever you want to call it. At the time the idea was, we didn't have an integrated, comprehensive terrorist watch list, so we didn't have anything to check, you know, tickets against or people's IDs against.

The idea was, let us try and lessen the burden on the system by having some people subject themselves voluntarily to this process; then we will know that, you know, they are, you know, they are travelers who can move through the system. There was never any idea that they would avoid any part of the security screening, and that is the—I don't see how we are going to ever get to the point—and to Mr. Sammon, again, just on the clean-skinned terrorist. We now have, since the development of this program, dramatic evidence that people without being on a watch list, without criminal backgrounds, have committed horrific acts. Is that correct?

Mr. SAMMON. Yes, sir.

Mr. DEFAZIO. So then at what point would the TSA feel comfortable in degrading or eliminating portions of the passenger screening—the physical screening—with this trusted traveler program?

Mr. SAMMON. At this point, we are not.

Mr. DEFAZIO. Can you envision anything that would lead us to that point?

Mr. SAMMON. There may be technologies that come along. There may be other things that develop. I think combinations of technologies, combinations of improved behavioral detection. I think there are a number of things that possibly could be put together.

But again, as I refer to looking back at the testimony in 2007, Administrator Hawley stated that the vendors associated with the program did not want to go beyond the watch list check. So I think you have to look at a broader list of background information. You need to look at other kinds of things than have been put in the initial pilot.

Mr. DEFAZIO. There will be subsequent testimony from Alison Townley, when she talks, and I will—if I am here I will ask her, but I want to know if you are familiar with it. Talking about something that would allow same-day in-airport sales and more pricing options and provide non-security-related experiences, streamlined staff—how could—what would that be?

I mean, basically we are just looking at many airports of their own volition, I think, in order to help facilitate business travel and stop the hemorrhaging of business travelers who are not super rich or with big, rich corporations, to give them more certainty they have established lines for frequent travelers, then the airports check the ID. What function other than that does, you know—I mean, the Registered Traveler program is essentially just another place where people can get to the front of the line, and people are paying for that.

Mr. SAMMON. Yes. I think if you look at the total amount of time people spend in lines, particularly in years past, most of the time was not the screening itself, it was actually standing in line. I know that some vendors have provided—packaged that with other services, such as concierge services, special rooms, parking, and so on and so forth. So, I mean, it can be packaged into a whole series of travel options, I guess.

Mr. DEFAZIO. Right. My concern has been, since the inception of the program and the innovative idea that Clear had to revenue-share with the airports, that the airports might then be tempted to degrade the lines for the frequent business travelers who haven't paid extra for the card and therefore given a share of revenue to the airport. Are you aware of anywhere where that happened?

Mr. SAMMON. I am not, but I think any one of these market-based solutions—the airports are marketing services and the vendors are marketing services—different combinations will result.

Mr. DEFAZIO. Right. Like, so Mr. Morris, right now at Portland Airport, for free, I and other frequent business travelers get to go to the 1K line, or whatever your affiliation is with an airline, and you get to bypass the huge, you know, other line there. You know, what would be—and Portland did not participate in this program. Are you aware of any airport that either eliminated or degraded service to non-participants?

Mr. MORRIS. I am not aware.

Mr. DEFAZIO. Okay. This is a tremendous concern I have, that basically we are blackmailing people into buying these cards from a private, for-profit vendor, tacking on some other services they really don't want or need, but they are desperate to have more predictability in the airport. I would rather focus on the throughput of all Americans in an efficient way.

Mr. Sammon, when are we going to get the multi-perspective of, you know, devices? To me I think one of the biggest slow-ups I see in the airport is, I put down my briefcase, it goes through, there is an opaque object. They say, "Excuse me, sir. May we take your briefcase, walk it back around the machine and turn it a different way?"

I say, "Yes." They stop the line; they take it back. The whole thing slows everybody down.

But that doesn't happen when you come in here because we have multi-perspective machines. I have been arguing for years you need them. When are we going to get those deployed in airports?

Mr. SAMMON. Well, I think part of it is part of the ARR grants, and also the regular capital program. We are buying more and more of the AT X-rays; we are trying to get all of those deployed,

I think by the end of next year, because that makes a big difference.

The other thing we have done to improve the line throughput is by separating the families, which, again, most of the family time is taking things out, checking things, is just as you describe, goods that get through and then have to be rechecked, and putting them in a line that makes them more comfortable and ensures space for businessmen who are in a hurry. So we have taken operating changes, but in addition to that we are very high on the multi-view X-rays to eliminate those kinds of redundant activities.

Mr. DEFAZIO. Great, thank you.

Thank you, Madame Chairwoman.

Mr. OLSON. Thank you, Madame Chairwoman. I greatly appreciate the recognition.

Mr. Morris, prior to the RT program ceasing operation in June, only 22 airports had contracts with RT service providers, and what, in your opinion, is necessary to gain future airport interest in the RT program?

Mr. SAMMON. A bigger cut.

Mr. MORRIS. I would say that as the program advances many airports, in looking at a new iteration of trusted traveler or looking at what the screening and security benefits could be that would be a part of that program. As Mr. Sammon mentioned, that would not be necessarily limited to the proposition that just because we know something more about travelers who use the system the most that we do less in the way of screening that is already being experienced.

But it becomes a platform that potentially can be exciting at this important part of the airport to deploy new technology, whether that is shoe scanners, whether that is behavior detection, there is always going to be a new technology that is going to bring efficiency into that business process. The Registered Traveler program, just because of how it is set up as a public-private partnership, aligns the incentives of airports and TSA to work together to drive those efficiencies and increase security.

Mr. OLSON. Thank you very much. So you are saying that working together, the airports working together with the TSA and the RT program is what we are looking for? I mean, you outline the process undertaken by the private sector in your testimony regarding the Registered Traveler Interoperability Consortium, and to make the RT program workable from a technical perspective. So again, that sounds like what you are saying is, working together—private sector, public sector—that is how we can see the benefit and get this program working?

Mr. MORRIS. Yes, sir.

Mr. OLSON. Okay. Thank you very much.

I have a question for you, Mr. Sammon, and then I think we will be done.

We have got some votes, Madame Chairwoman, so I will be very quick.

But the 9/11 Commission, Mr. Sammon, recommended that programs to speed known travelers through should be a higher priority, I mean, permitting inspectors to focus on greater risks. The daily commuter should not be subject to the same measures as

first-time travelers. An individual should be able to pre-enroll with his or her identified, verified in passage, and this Registered Traveler program does just this.

Please describe for the subcommittee your thoughts on what the benefits are—the security benefit the Government gets from conducting security background checks on frequent flyers as envisioned in the original Registered Traveler program.

Mr. SAMMON. Based upon the original Registered Traveler program, the amount of security benefits that were received from those background checks was not sufficiently greater than the background check that we receive for every passenger who buys a ticket. So therefore, we did not see, as it was originally constructed, a significant difference for the registered traveler versus the every other day airport traveler.

Mr. OLSON. Thank you very much.

I yield back my time, Madame Chairwoman.

Ms. JACKSON LEE. I thank the distinguished gentleman.

Let me ask the—we have got voting logistics that we are addressing. Let me indicate to this panel, I would like you to stay. We will adjourn.

I am now going to read my opening remarks, and you can stay at the table and listen when I adjourn. There are Members here who may have questions. If you would have the kindness to stay, we will start it with the panel for any Members that come back, and then we will move to the second panel.

I will begin, now, my remarks for the record. The subcommittee is meeting today to receive testimony on the future of the Registered Traveler program. Our witnesses today will help us assess the state of the Registered Traveler, or RT program, and discuss the path going forward.

Before I provide some thoughts and background on the issue at hand, I want to make several items clear: First, notwithstanding our work over the past several months, we are still trying to acquire information about what RT will look like going forward. Second, we are eager to work with the incoming TSA administrator, the recently nominated Erroll Southers to develop an RT program that works for everyone. I do believe, having listened to Mr. DeFazio, there are some very valid points being made, but I want TSA to make its case.

Third, we are not here today to promote any single service provider. Instead we want to hear from providers about the development of a business solution that will ensure that future RT subscribers are not deprived of the services for which they have paid.

That is what happened this summer: Clear failed its customers, and other RT providers, such as FLO, failed their customers because they were too reliant on Clear. Today this panel will lay a marker for all stakeholders as the process for resuscitating RT moves forward, and we expect to remain an integral part of the ongoing RT in a dialogue.

In the Aviation and Transportation Security Act, Congress encouraged TSA to implement a trusted passenger program through which the administrator could establish expedited security screening procedures for passengers who were vetted through background checks and deemed to be a low security risk. As envisioned by Con-

gress, the security benefits of such a program was clear: TSA could focus precious resources on high-risk unknown passengers and potentially test new screening technologies on those known travelers.

To carry out its duties under ATSA, TSA worked with industry to establish technical and interoperability standards for service providers such as Clear, and that is extra. However, after these initial actions TSA dropped conducting security threat assessments and criminal history background checks from participating RT passengers.

Without these threat assessments to determine lower-risk passengers, TSA effectively rendered this risk-based security program impotent. Lacking the security threat assessment component, critics call RT a head-of-the-line program, accurately so.

Nevertheless, even without an expedited security screening aspect, we now understand that several firms are interested in reestablishing RT operations at airports regardless of whether RT eventually functions as a true risk-based security program. It appears that the private sector is poised to engage in this market.

In light of these developments, I would like to make two comments. First, I hope that TSA is responsive to Congress' request, as outlined in H.R. 2200, that we make a good-faith effort to explore a security benefit for RT. Second, I strongly encourage the private sector to create an RT model that can support a security benefit, but which does not rely on one. This will protect consumers.

We have much to discuss today, as we have already begun to discuss, including what the role of TSA should be in any future RT program and whether the program can be leveraged or adapted to follow a risk management approach to security screening. We also need to understand if the program will benefit customers as the traveling public cannot understand or cannot afford to endure the events of this summer a second time.

This hearing provides us with a forum to articulate our concerns about RT and discuss ideas for the path ahead. I am looking forward to the discussion that has already pursued, and I do think it is extremely important that we take into consideration TSA's comments, but also that we look forward to the new TSA administrator engaging in a vigorous discussion on an important security issue.

This hearing is in recess. Thank you.

[Recess.]

Ms. JACKSON LEE. The hearing is now resumed. I recognize the gentleman from Missouri for 5 minutes for questions.

Mr. CLEAVER. Thank you, Madame Chairwoman. I don't think I will take 5 minutes.

I am interested, Mr. Morris, in the suspension TSA—you have already suspension, the deletion of personal records from the Central Information Management System, CIMS. Is there a plan in place to allow individuals to choose to have their records deleted, that they no longer want to participate in the RT program? Would that plan be at the behest of TSA?

Mr. MORRIS. It could be at the behest of TSA or it could be at the behest of the individual service providers. The CIMS has a relationship directly with TSA and directly with the service providers, but no direct relationship with the individual customers

themselves, and so while CIMS adheres to the highest security standards from TSA and privacy standards that the service providers committed to their customers, there doesn't exist a relationship directly between those travelers and our system.

Mr. CLEAVER. So all individuals who participated in this program can feel comfortable that the optimum level of privacy will be guaranteed?

Mr. MORRIS. Yes, sir. Our system, a part of—and John alluded to this in his testimony—a big part of the relationship between CIMS and TSA was around the information security standards that the CIMS needed to adhere to as defined by TSA and audited by TSA.

Mr. CLEAVER. The relationship between the American Association of Airport Executives and TSA, with regard to the RT—was that relationship beneficial?

Mr. MORRIS. Was it beneficial to—in serving the interest——

Mr. CLEAVER. Yes.

Mr. MORRIS. [Off mic.]

Mr. CLEAVER. What is the future with that relationship?

Mr. MORRIS. Well, we would hope that we could continue on with that relationship with TSA. There is certainly a significant portion of policy decisions that TSA needs to make on their part to decide how to interface with Registered Traveler program moving forward, but we are very open to that and we see that relationship as adding a great deal of value to the program.

Mr. CLEAVER. Thank you.

I yield back the balance of my time.

Ms. JACKSON LEE. I thank the gentleman very much.

Let me pose two questions, one to Mr. Morris. It seems that AAAE was in a solid position this summer to follow former Clear customers to allow—excuse me, former Clear customers to easily switch to another provider. Is AAAE supportive of this?

Mr. MORRIS. I think technically it is possible to move the individuals who had enrolled through one service provider over to another service provider, but it wouldn't honor the agreement in place that we had with the—that we continue to have with the individual service providers.

Ms. JACKSON LEE. What do you mean it wouldn't honor the agreements in place?

Mr. MORRIS. So individual registered travelers sign up with a service provider and become their customer, and in turn their enrollment information is sent to CIMS to facilitate interoperability in any contemplated security threat assessment. But what it doesn't do is allow other service providers to gain access to the customer information. What it does is it creates this interoperability where the card can be accepted by both of the service providers. So for us to take——

Ms. JACKSON LEE. So someone new wouldn't have that scheme, that structure? Someone totally new——

Mr. MORRIS. Correct. Correct, in addition to the fact that we have the information—the enrollment information—on the 250,000 individuals who are actively enrolled in Registered Traveler from all service providers at the cessation of operations this past summer.

Ms. JACKSON LEE. What would happen if the Clear customers made the request themselves?

Mr. MORRIS. Well, I think that is something that we could look at. Our relationship is with Clear as an on-going concern, and the any agreement that Clear would have and privacy standards that would follow, we would be more than willing to look at that and do that in accordance with whatever policy view TSA has on the transfer of that information, and of course any advice or input from your subcommittee.

Ms. JACKSON LEE. So what posture do you find yourself in right now with respect to RT?

Mr. MORRIS. We find ourselves in the position of having the parts of the Registered Traveler program in place that could restart the program, either in the previous iteration or in some new iteration of the system that could be more or less from an operational standpoint turned on at a moment's notice, engaging with TSA, engaging with the committee on what the policy direction would be for the program moving forward, and then ensuring our airport members the viability of the program and that those standards are adhered to to enable that important interoperability really is the key focus for us right now.

Ms. JACKSON LEE. With respect to a security benefit, if it was ultimately decided by TSA and moved forward on, you could work with that structure as well?

Mr. MORRIS. We could, and have.

Ms. JACKSON LEE. Mr. Sammon, what posture do you find yourself in at TSA, putting aside that you do not have an administrator? What is TSA's present position reflected upon its position over the last 2 years as it relates to RT?

Mr. SAMMON. We are, again, we are examining our current legal requirements regarding the data in the CIMS system——

Ms. JACKSON LEE. You have possession of the data?

Mr. SAMMON. No, we do not. AAAE does. If another operator were to come forward and want to resume operations as they had been back in July, we would be happy to entertain that, so that would be something that if they wanted to turn back on, conduct the activities they were conducting before we would be happy to see that happen.

Ms. JACKSON LEE. So there are two prongs. One prong is that you would be happy to be a facilitator if someone rose to the occasion to fill in where the others failed.

Mr. SAMMON. Yes, ma'am.

Ms. JACKSON LEE. The second question is whether or not you find it beneficial to provide the security benefit——

Mr. SAMMON. Yes, ma'am.

Ms. JACKSON LEE [continuing]. Giving it a greater status, of sorts. It appears that you believe that RT may be more of a convenience than a role that TSA should play?

Mr. SAMMON. As it is presently configured, it is more of a convenience, and I think that of the three things—convenience, security, and efficiency—we always put security first. But I do believe, and I believe that the Secretary is open, and I would guess that the new administrator would be open to exploring developments in behavioral detection technology and so on and so forth to see if there

are some configurations that may afford a security benefit. But right now we haven't seen it in the past program, but we would be happy to discuss with the staff and with you, as time goes on, to see what kind of configurations they may be.

Ms. JACKSON LEE. Well, we do have a second panel. I know that time going on can be going on for a long time. I will make a suggestion on the record that we follow this up with meetings where we can actually provide even more enhanced discussions as to where we are.

I think we need to assess the viability of the program once and for all and to determine what approach this program will take, whether it takes a direction that it now presently is with new providers, or we add the additional security benefit to it. I think we are all better off if we have a finality in that particular situation.

Ranking Member Dent, did you have any further questions?

Let me thank both Mr. Sammon and Mr. Morris.

Mr. Sammon, let me, for the record, have you take note: There was a written statement from TSA and that statement has been submitted into the record, as well as read. Is that correct?

Mr. SAMMON. Yes, ma'am.

Ms. JACKSON LEE. Thank you very much.

We now call on the second panel, please? Thank you.

As these panelists come forward, I want to thank the witnesses as they leave the room or as they leave the table for appearing before us today. Members of the subcommittee may have additional questions for the first panel. We ask that you respond to them expeditiously in writing.

We now welcome our second panel to the witness table.

Welcome our second panel of witnesses. Our first witness is Ms. Alison Townley, a principal at Henry Incorporated, which has a letter of intent with Clear and Morgan Stanley to recommence Clear's operations. Ms. Townley has over 15 years of experience launching new brands, revitalizing flagship brands, and executing significant corporate change.

Our second witness is Mr. Fred Fischer, a principal and managing partner at FLO, a certified RT provider. Mr. Fischer will discuss why FLO had to stop providing services after Clear ceased operations, whether FLO will be restarting, how to ensure its operations will not cease again, and how TSA and Congress can help keep RT functioning.

Our third witness is Mr. Mike McCormick, executive director of the National Business Travel Association. Mr. McCormick has more than 20 years of travel industry experience, most recently as managing partner of a travel industry advisory firm.

Without objection, the witnesses' full statements will be inserted in the record. I now ask each witness to summarize his or her statement for 5 minutes.

Let me also, with respect to Mr. Townley—Ms. Townley, excuse me—and Mr. Fischer, I think it is important if your statement does not reflect it to specifically tell us what you do and why your involvement with—in your instance, you are taking over a company. What expertise do you bring to the table to take over the company?

This is Registered Traveler; this is serious, if you will, and if we are asking TSA to consider a security benefit I think it would be

helpful to me to understand what your role is and what you bring to taking over this company, and you might comment on its failure as it stands in your remarks.

Mr. Fischer, likewise, you are the managing partner of FLO, and I think you will express what FLO does and also why you stopped service.

So we will begin our testimony with 5 minutes given to Ms. Townley.

Ms. Townley, you are recognized for 5 minutes.

Ms. Townley, would you please turn on your microphone?

STATEMENT OF ALISON TOWNLEY, PRINCIPAL, HENRY INCORPORATED

Ms. TOWNLEY. First-timer.

Ms. JACKSON LEE. Thank you. That is all right.

Ms. TOWNLEY. Okay. I will start over now that people can hear me.

Okay, so Chairwoman Jackson Lee, Ranking Member Dent, and Members of the committee, thank you very much for inviting me here today to participate in this important discussion about the future of Registered Traveler in the United States. I am a principal at Henry, Inc., which has signed a letter of intent, as you mentioned, to purchase certain assets and liabilities of the Clear Registered Traveler program from Verified Identity Pass and Morgan Stanley, the senior lender.

Per your request, Chairman—Chairwoman Jackson Lee, my background and why I am here today is business. So we believe when we went to evaluate the Registered Traveler program and Clear, we believe that there is a real, viable opportunity for the private-public partnership to provide a very important service to this country.

But first and foremost, as we all know, Registered Traveler is a voluntary program. So my background and expertise really, in a way, is understanding the consumer and what they are looking for.

Now, in my past I have run businesses, but really what I look at is, to be successful I have surrounded myself with experts in each of the various elements that I am running. So in grant management, I was the hub of a wheel of many disparate parts, really just kind of bringing together the experts that need to be there to succeed, and that is how I approach this as well. I am not an expert in security.

So to back up, again, as I mentioned, why do we want to invest in Clear? As I said, we think this is a real, viable—can be viable public-private partnership in a business. Over the past few months we have studied the Registered Traveler program and Clear, and we believe to have a successful Registered Traveler program is a winning proposition on many fronts.

A successful Registered Traveler program will deliver increased aviation security, increased checkpoint throughput, increased airport revenue, and increased traveler convenience, not to mention it creates jobs, and this is all at no cost to the taxpayer.

So how will a Registered Traveler program be successful? First, we must build a substantial base of volunteer customers. More people who are willing to register as travelers, be registered travelers,

the more secure we believe our airways can be. To do this we must deliver on a promise to these consumers, and at the moment that promise is convenience. Congress, DHS, TSA, the airports, the technology community, and the RT industry must work together with the common goal of improved airline security and consumer convenience, or customer convenience.

My analogy is the sport of rowing, or crew. I represented the United States in two Olympics in the sport of rowing, and crew is probably one of the most team sports you will ever find. All team members must compete in complete synchronicity and harmony to achieve success. That is how we feel; that is our mission for relaunching a successful Registered Traveler program.

So what is our plan? Our plan is to restart Clear as soon as possible. We are already talking with the DHS, the TSA, the airports, and with the technology community.

We are gratified that the DHS and the TSA are taking a fresh look at how RT can enhance aviation security and the air traveler experience. We are grateful to this committee for the leadership on RT.

We have heard loud and clear from air travelers and from airports that they want this service back. Clear conducted a survey in which 90 percent of their 200,000 customers said they were interested in joining a new Clear.

For the existing customers of Clear—those who want to return to a new Clear—first and foremost, we will make good on their contract or on the term of their membership. So what was left on the term of their membership we will make good. If someone had 6 months left when Clear shut down, we will extend their membership 6 months at no cost to them.

For those who do not want to join the new Clear, we will destroy all of their data. So we will ask specifically each old Clear member if they want to participate in a new program, and at their exact discretion we will handle their data and their membership.

So there is a strong feeling that there is a need for this, and we feel that we can really develop a strong program that will benefit both aviation security and customer convenience through this base of consumers. To respond to this demand, to keep this momentum moving, and to address some key barriers to enrollment that the old Clear experienced, we plan to launch on two parallel paths.

First, we will launch a streamlined process that serves consumers now and airports' needs now. In that process, we will have our concierge service, which—we did numerous—or Clear, I shouldn't say we, but Clear did numerous studies over the length of the business to find that when the concierges help the consumers through the checkpoints the speed of throughput increased 30 percent. So if there is an increased speed of through the checkpoints, it really benefits all that are moving through the checkpoints.

So at first we will launch a program in which we can have a concierge service and help our consumers move quickly, and why this is important is because the larger base of consumers who sign up for this program, that then becomes a platform by which we can incorporate the true Registered Traveler security measures.

So simultaneously, while we are launching this first path, we will have a second path, and that will be to work with our partners

in the Registered Traveler industry—that includes Congress, DHS, TSA, the technology community, and the airports—to determine what is the best, most robust form of Registered Traveler. We believe that there is technology to make the airways safer, but to make it a viable business that we can sustain, the consumer has to come on board in a large number.

Thank you very much, and I would be happy to take questions.

[The statement of Ms. Townley follows:]

PREPARED STATEMENT OF ALISON TOWNLEY

SEPTEMBER 30, 2009

Chairwoman Jackson Lee, Ranking Member Dent, and Members of the committee: Thank you for inviting me here today to talk about the future of the Registered Traveler (RT) program. Thank you, too, for your continued leadership on RT.

I am a principal at Henry Incorporated, which has an agreement (the Letter of Intent) with Verified Identity Pass, Inc. (Verified) and Morgan Stanley, as Verified's senior lender, to purchase from Verified certain assets and liabilities associated with the Clear RT program. My background is in business and—specifically—launching, relaunching, and running successful consumer brands at L'Oreal, MasterCard, Chevron, and Nestle (Haagen Dazs). My partners and I strongly believe that the new Clear will become a successful business, because our marketing and technology expertise and ideas will effectively build on the progress made by Clear to date to meet a very real and often-expressed consumer need for air-travel convenience. There is a large and vocal population of travelers who are seeking this kind of opportunity right now. Among them are Clear members who are asking for the service to come back.

Of course, more registered travelers means greater aviation security, which is a common goal of everyone involved in Registered Traveler—from travelers to Government to airports to companies like Clear. Because this program is purely voluntary, we must attract members by delivering a program that is both compelling and economical. This is best accomplished through a robust public/private partnership. We do not want or need Government funds, but we are eager to work with the TSA and our technology partners to deliver a program that is easy to join and even easier to use, while advancing aviation security. This is a win-win.

Notwithstanding the economic downturn—indeed, perhaps because of it—RT makes more sense than ever. First, RT can improve aviation security. With resources scarce, RT should be—at no cost to the Government—an important tool for advancing risk management, by increasing the number of individuals passing through Transportation Security Administration (TSA) checkpoints who represent lower risks because their identities have been positively verified and because they have been vetted. No other program offers the same potential for accountability and certainty of those passing through checkpoints—all on a voluntary basis. Second, Clear serves a consumer demand. Even with air travel down (a trend which will necessarily reverse course as the economy improves), travelers still want the convenience. Just last month, Clear conducted a broad survey of existing customers and found that 70% of customers would return to the service when re-launched and an additional 20% would return depending on which airports were reopened. That's a remarkable total of 90% of customers who expressed interest in returning to the program upon re-launch. Understandably, many of them were frustrated about Clear's shutdown in June, but ultimately they want it back. Third, Clear delivers revenue to airport partners. RT can continue to be a valuable source of revenues for the Nation's airports at a time when concessions revenues are harder to come by and bond coverage ratios are under pressure. Through the history of the program, Clear has paid over $6 million to airports, and we intend to continue as a very pro-airport company focused on traveler conveniences that are consistent with increased overall security.

Given that the case for RT continues to be a strong one, how do we work together to make it succeed? Most importantly, we must do exactly that: Work together. We are eager to work together with Congress. Without the authorization provided by Congress in the Aviation and Transportation Security Act in the immediate wake of 9/11, there would be no RT. And, this Committee's continued bi-partisan leadership on RT, as legislatively expressed most recently in the strong RT provisions of H.R. 2200, the TSA Authorization Act, is absolutely vital.

We are also eager to continue working closely with Secretary Napolitano and, subject to his confirmation, the incoming TSA Administrator Erroll Southers, as well as their staffs. The Secretary's vision of an aviation security system that is made ever more secure and simultaneously more pleasant and convenient for the air traveler, achieved through the application of technology where possible, is a perfect fit with RT. Technological innovation is at the core of the new Clear's DNA. We have already identified areas where new technology can make the new Clear a more economically viable company, and a key part of our mission is to leverage the latest technology to deliver on our promise of security and convenience. That being said, the risk management potential of RT can only be realized with TSA's full embrace. We are grateful that the Department of Homeland Security (DHS) and TSA are engaged in a fresh look at RT's potential to help realize the Secretary's vision, and we have offered to support that effort in whatever way would be valuable to DHS and TSA.

We are also eager to work together with our airport partners, almost all of whom have given us positive feedback as we have met with them to discuss the re-launch of Clear. Those airports saw Clear in operation every day and heard from many of their customers—both before and after Clear shut down—that Clear was a service they valued. After all, Clear lanes were used more than 3 million times before operations ceased. And, airports saw that Clear made checkpoints more efficient for all travelers, not just registered travelers. Clear was able do that because its concierges, both before and after the magnetometer, were able to speed throughput by as much as 30 percent at Clear's lanes. So Clear not only gave its members a predictably fast experience, but also made the lines slightly shorter for everyone else. This faster throughput, I should add, is what makes RT much more than a so-called "front of the line" program. In short, a happy Clear customer makes for a more satisfied airport customer, and we're committed to re-establishing that connection.

And, perhaps most importantly, we are eager to work together with Clear's customers (both existing and new). Let me address first how we are proposing to work with existing Clear customers, so many of whom are interested in joining a relaunched Clear program. We recognize the imperative to protect our members' personal identifiable information (PII). To that end, the PII of existing Clear members (including their biometrics) will only be transferred to the new Clear program with the express consent of existing Clear members—otherwise, they may choose to have their PII destroyed by Lockheed Martin's secure data storage facility (which is where Clear member PII is today, and was historically, stored). In addition, all existing Clear members who choose to continue with the re-launched program will be able to use at no additional cost the balance of the term of their membership that remained unused when Clear ceased operations in June. In other words, if a member had a year remaining on her membership when operations ceased, she will be able to use the new Clear service for a year at no charge before coming up for renewal.

Now, let me address how we're going to work with customers more broadly. It goes without saying that the success of RT on all fronts—public and private—is driven by customers. The more users, the more benefits will accrue to the benefit of aviation security. RT's potential as a powerful risk management tool for TSA depends on a critical mass of travelers volunteering to participate in the risk management process of RT, as that process is ultimately defined by DHS and TSA. And, RT's potential as a good business (that also allows for it to be cost-free to the Government) depends on a critical mass of travelers volunteering to pay a reasonable fee to participate.

Before ceasing operations, Clear had made substantial progress towards the goal of a critical mass of customers, with nearly 200,000 active members whose satisfaction with Clear was demonstrated by remarkable renewal rates in excess of 80% even after the economic downturn took hold. Even with available airline seats down over 30%, Clear's subscriber base increased over 50% in the year before shutdown, and the old Clear was nearing break-even. But, the market is much bigger. The key to attracting new customers is to deliver a compelling value proposition. That means continuing to provide a fast and predictable experience at airport security, while aligning the nature of the enrollment and membership verification process (and the associated costs) with the nature of the service we're able to provide.

How do we do that? First, I return to the imperative of a close partnership with TSA, DHS, and Congress. We are, of course, eager to move RT to a new level by working with TSA and DHS, for example, on the development of an enhanced voluntary background check and vetting process for RT members and the continuing development of new, enhanced screening technologies at RT lanes, all at no cost to the taxpayer. The goal would be additional enhanced throughput benefits or conveniences at our lanes—beyond what Clear concierges can already provide. This is pre-

cisely the type of risk management to enhance checkpoint security that the 9/11 Commission called for.

And, we are also eager to work with DHS, TSA, and other Government agencies like the Department of Defense (DOD) on leveraging the power of RT's biometric platform and the biometric platforms of other Government agencies. We look forward to working with DHS to harmonize trusted traveler programs across the Department. And, we look forward to working with all interested Government agencies to harmonize RT with appropriate credential programs across agencies, so that—for example—a DOD credential holder with top secret security clearance could access the Clear lane, just as H.R. 2200 envisions.

However, we recognize that the important analytical work at DHS and TSA to support the vision of RT as a valuable risk management tool, including appropriate enhanced throughput benefits from TSA for RT members, will not take place overnight. We stand ready to support this analytical work in whatever way we can—and believe we have much to offer.

In the mean time, because it is vital for us to maintain the momentum of Clear by re-launching the program, re-engaging existing customers and attracting new customers, we plan to pursue two parallel paths. On one path, we will ready ourselves to install and implement the secure biometric infrastructure required to support a robust, risk management vision. Simultaneously, we intend to launch a streamlined "fast pass" process which would allow innovations like "same day" in-airport sales and more pricing options, while still providing certain non-security-related conveniences for members.

The parallel introduction of this streamlined "fast pass" process will address one of the most frequent complaints Clear received from potential customers and actual customers alike—"why can't I sign up immediately?" Now, potential customers (like the approximately 30,000 travelers who had signed up for Clear but hadn't yet completed the challenging multi-step enrollment process at the time that Clear ceased operations) will be able to sign up immediately. And, once they sign up for a "fast pass", it will become much easier to invite them to join the secure, biometric risk management program and to take the additional enrollment steps that entails.

And, that brings me to the role of technology. Both immediately and going forward, we believe that there are terrific opportunities to leverage technology to make the process at the RT checkpoint easier, more convenient, and just as secure, if not more so. Wearing our Silicon Valley hats, we are excited by the prospect of identifying those technology opportunities and then incorporating them, to the benefit of customers, airports, as well as our partners at DHS and TSA.

Members of the committee, thank you for your interest in Registered Traveler. We ask for your continued support and engagement as we pursue the promising initiatives that I've described in order to make RT a valuable security and facilitation programs to respond to the challenge of 9/11.

Ms. JACKSON LEE. Thank you for your testimony. I now recognize Mr. Fischer for 5 minutes, if he would summarize his statement for the record as well.

STATEMENT OF FRED FISCHER, PRINCIPAL AND MANAGING PARTNER, FLO CORPORATION

Mr. FISCHER. Thank you, Chairwoman Jackson Lee, Ranking Member Dent, distinguished Members of the committee. I am honored and privileged to appear before you today representing FLO Corporation, the only surviving RT provider today, where I am currently a principal and managing partner.

I have been involved with Registered Traveler over the past 5 years, including senior executive positions with FLO and Verified Identity Pass and 35 years as a travel industry executive. I have been on the front lines working with corporations, travel management companies, airports, airlines, hotel chains, other industry providers, and your constituents to implement and grow the RT program.

Since its inception, 250,000 travelers have found the RT program to be the best aviation enhancement to come along in years. RT has enhanced our Nation's aviation security screening system and has

provided predictability and convenience to the airport screening process that is neither predictable nor convenient.

We are now at the crossroads with the RT program and have the experience and knowledge from lessons learned over the past several years to move the program forward in an effective manner. The failure of Clear and their shutdowns June 22 came as a shock to the 250,000 RT members Nation-wide, to Clear's competitors, us, FLO, and Digital Solutions, and to all who had invested in RT.

As FLO prepares to relaunch the program in the next 30 days, we see Clear's unfortunate demise as the unique opportunity to fix what was wrong with RT in the past and focus on all the things that were right. Please allow me to share with the committee my views on where—on RT and where in partnership we need to proceed to provide all the stakeholders with an RT program that works.

Congress, in passing the Aviation and Transportation Security Act of 2001, authorized the TSA to administer and oversee what was called initially a trusted traveler program, which later was approved to run under a public-private sector partnership. To date, the private sector has invested over $250 million and upheld its side of the partnership. The TSA has not.

While Congress had envisioned the TSA implementing the use of biometrics for primary and positive form of identification, the use of background screenings to vet those utilizing the RT lanes, and the use of advanced screening technology to allow additional screening benefits has not been fulfilled.

Identification: While biometrics provide the best identification available today, the TSA still required a secondary photo ID. Vetting: To my knowledge, not a single—single—RT applicant was ever vetted using a criminal history records check, even though for the first 2 years of the program applicants were charged $28 per enrollment by the TSA for such background checks.

The committee is well aware of the trials and tribulations of Clear's attempt to implement their now infamous shoe scanner. The TSA has told us on many occasions that the technology that could allow travelers to leave their shoes and coats on and keep their laptops in their bags does not exist. The fact that more than 90 percent of the world's airports utilizing the latest technology do not require such divesting is evidence that that technology does exist.

In 2001, in forming DHS and TSA, the administration promised that the Department of Homeland Security will ensure appropriate testing and piloting of new technologies, calling it a national vision. The TSA has not lived up to that promise.

Since the inception of the RT program, TSA has been constantly challenged, undermined, bullied, and publicly berated by FLO's competitors, including some testimony in this room. Understandably, this created a partnership that was, at best, strained. This has resulted in the TSA having an unfavorable opinion of both RT and its providers and has compromised TSA's support for this essential program.

RT provides many benefits to the TSA, but the most critical is expediting passengers from the unsecure area of the airport to the secure side of the airport. Empirical data shows that the RT lanes

process upwards of three times as many passengers as the general population lanes. This alone should garner TSA's interest.

TSA's support is critical for relaunching the RT program that your constituents are demanding. Congress is urged to require TSA to relaunch RT as the program Congress intended: Under the current standard, under artic, with biometrics for primary identification, with enhanced security benefits with tested and proven technology, and with RT members being fully vetted.

An additional consideration should be interoperability with DHS's Global Entry program, also referred to International RT. Both programs should run in parallel because most of the components are under the—honor the same and offer exceptional benefits for the frequent traveler.

Two-hundred-fifty thousand members bought into RT in a great part because it was TSA-sponsored. Their trust in the TSA is now in question.

Let me talk a little bit about Clear's failure. Clear's failure, in our view, was brought on by a number of issues: Overstaffing at the airport, exorbitant overhead, excessive advertising, unreasonable revenue-share components that were not required, but primarily used to discourage and eliminate competition. In the end it was not a lack of capital that killed Clear, it was poor management and an unsustainable business plan.

Of all these issues—all these issues can and will be addressed and controlled under a relaunch by FLO or any of our competitors. FLO has secured significant financing since Clear's failure and plans to relaunch a National program with or without the TSA at multiple airports in the next 30 days, with former RT airports and new airports to RT eagerly awaiting relaunch of this program.

It is our understanding that multiple parties, including FLO, are analyzing the RT market. In Ms. Townley's comments I would like to add that we have submitted a proposal to Morgan Stanley, and at the end of this hearing today we will be discussing that proposal moving forward and acquiring some of Clear's former assets.

FLO has agreed to partner with a service provider that will give us 1,000 enrollment locations across America, solving what was a serious barrier to its greater adoption. Individual and corporate interest in the program has not diminished. The future of RT is bright and the demand for its offerings remains strong.

In closing, the ultimate success of RT is the Congressionally-mandated, TSA-sponsored program with biometric security benefits and vetting under the current, common, artic standard with consideration given to global opportunity—global entry. I thank you for the opportunity today.

[The statement of Mr. Fischer follows:]

PREPARED STATEMENT OF FRED FISCHER

SEPTEMBER 30, 2009

Chairwoman Jackson Lee, Ranking Member Dent, and distinguished Members of the committee, I am honored and privileged to appear before you today representing FLO Corporation (FLO), the only surviving Registered Traveler (RT) provider, where I am currently a principal and managing partner. I have been involved with the Registered Traveler (RT) Program for the last 5 years, including senior executive positions with FLO and Verified Identify Pass (Clear) and 35 years as a travel industry executive. I have been on the front line working with corporations, travel

management companies, airports, airlines, hotel chains, other industry providers and your constituents to implement and grow the RT Program.

Since its inception, 250,000 frequent travelers have found the RT program as the best aviation enhancement to come along in many years. RT has enhanced our Nation's aviation security system and helped to provide predictability and convenience to the airport screening process that is neither predictable nor convenient.

We are now at a crossroads with the RT Program and have the experience and knowledge from the lessons learned over the last several years to move the program forward in an effective manner. The failure of Clear, and their shutdown June 22 came as a shock to the 250,000 RT members Nation-wide, to Clear's competitors (FLO and Vigilant Solutions) and to all who had invested in RT. As FLO prepares to re-launch the RT program in the next 30 days, we see Clear's unfortunate demise as a unique opportunity to fix what was wrong with RT in the past and focus on all the things that were right.

Please allow me to share with the committee today my views on RT and where, in partnership, we need to proceed to provide all stakeholders with an RT program that works.

TSA

On September 3, 2004 in a speech at Reagan National Airport announcing the launch of the Registered Traveler Pilot Program, Secretary Ridge described the program as a "twenty-first-century security measure, designed to improve both customer service and airline security," adding that "the use of biometrics will add another layer of security that will certainly enhance the checkpoint experience." Congress in passing the Aviation & Transportation Security Act of 2001 authorized the TSA to administer and oversee what was called initially a "Trusted Traveler" program which was later approved to run under a public/private sector partnership. To date, the private sector has invested over $250 million and upheld up its side of the partnership. The TSA has not. What Congress had envisioned the TSA implementing, i.e. the use of biometrics as primary and positive form of identification, the use of background screening to vet those utilizing the RT lanes and the use of advanced screening technology to allow additional screening benefits have not been fulfilled.

Identification.—While biometrics provide the best identification available today, the TSA still required a secondary photo ID, such as a drivers license.

Vetting.—To my knowledge, not a single RT applicant was ever vetted using a criminal history records check, even though for the first 2 years of the program, applicants were charged $28 per enrollment by the TSA for such background checks.

Technology.—The committee is well aware of the trials and tribulations of Clear's attempt to implement their now infamous shoe scanner. The TSA has told us on many occasions that the technology that could allow travelers to leave their shoes and coats on and keep their laptops in their bags does not exist. The fact that more than 90% of the world's airports, utilizing the latest technology, do not require such divesting is evidence that technology does exist. In 2002, in forming DHS and TSA, President Bush promised that "the Department of Homeland Security will ensure appropriate testing and piloting of new technologies" calling it a "National Vision." The TSA has not lived up to that promise.

One solution is FLO's proposal for the TSA to test new technology, utilizing the RT program at Reagan and Dulles for those Government employees with top-secret clearance (such as employees of DoD, NSA, FBI, CIA, FAMS). This would allow the TSA to test equipment in a live environment without concern for the background of the travelers. This would be a major step in adding security benefits to the program. Of note, a number of air carriers have indicated they will move forward in partnership if RT is more than just a "front of the line" program.

Since the inception of the RT program, the TSA was constantly challenged, undermined, bullied, and publicly berated by one of FLO's competitors. Understandably, this created a partnership that was at best strained. This has resulted in TSA having an unfavorable opinion of both RT and its providers, and has compromised TSA's support for this essential program.

RT provides many benefits to the TSA, but the most critical is expediting the passage of passengers from the unsecure area of an airport to the secure area. Empirical data support that RT lanes process upwards of three times as many passengers as the general population lanes. This alone should garner TSA's interest.

TSA support is critical for re-launching the RT program that your constituents are demanding. Congress is urged to require TSA to re-launch RT as the program Congress intended, under the current standard, with biometrics for primary identification, with enhanced security benefits with tested and proven technology and with

RT members being fully vetted. An additional consideration should be interoperability with DHS's Global Entry program, also referred to as International RT. Both programs should run parallel because most of the components are the same and offer exceptional benefits for the frequent traveler.

Two-hundred-fifty thousand members bought into RT in great part because it was TSA-sponsored. Their trust in TSA is now in question.

CLEARINGHOUSE SERVICES

AAAE has been providing clearinghouse services under a sole source TSA contract and license to individual RT providers since the inception of the RT program. Under this arrangement, RT providers pay AAAE for each applicants processing and for RT providers to have interoperability. In re-launching the program, to help ensure that RT providers have access to the most cost-effective services, we suggest that TSA move forward expeditiously with open competition and allow RT providers to select from other vendors approved to provide clearinghouse services.

DATA PRIVACY

From its inception, the protection of the personal information and data of the program's participants has been a priority for everyone involved. Each provider was required to pass a rigorous screening and certification process to insure the safety and security of its systems and the data in question. This process took nearly 12 months and well over a half million dollars to complete. A consortium including dozens of private companies, over 70 airports and several Government agencies participated in the security, privacy, interoperability, and functional design of RT. This was critical and, in many ways, unprecedented work. We should not now abandon this approach as we move forward. In fact, it is this careful planning which has kept member data safe throughout the recent transitions, changes, and shutdowns which have so greatly impacted the program. This is a critical component that should not be overlooked and all new vendors should be held to the same standards for security, privacy, and interoperability to uphold and preserve the public trust.

CLEAR'S FAILURE

Clear's failure, in our view, was brought on by a number of issues: Overstaffing at airports, exorbitant overhead, excessive advertising, and unreasonable revenue share components to airports including National revenue share, local revenue share, and minimum annual guarantees that were not required but used primarily to discourage and eliminate competition. In the end, it was not a lack of capital that killed Clear, it was poor management and an unsustainable business plan.

All of these issues can and will be addressed and controlled under a re-launch by FLO, or any competitor.

THE FUTURE OF THE RT PROGRAM

FLO has secured significant financing since Clear's failure and plans to re-launch a National program, with or without TSA, at multiple airports in the next 30 days, with additional former RT airports and airports new to RT eagerly awaiting relaunch of the program. It is our understanding that multiple parties, including FLO, are analyzing the RT market. It is likely that one of us may ultimately look to acquire certain assets of Verified Identity Pass, Inc. including the CLEAR brand, membership lists, and equipment.

FLO has agreed to partner with a service provider that will give us 1,000 enrollment locations across America, solving what was a serious barrier to greater adoption. Individual and corporate interest in the program has not diminished. The future of RT is bright and the demand for its offerings remains strong.

In closing, the ultimate success of RT is a congressionally mandated, TSA-sponsored program with biometrics, security benefits, and vetting under the current common standard, with consideration given to interoperability with Global Entry.

Thank you for the opportunity to appear before you today. I appreciate your time and your continued support for this important program that offers benefits to our Nation's frequent travelers and an important and critical risk management tool for the TSA.

Ms. JACKSON LEE. Thank you for your testimony.

I now recognize Mr. McCormick to summarize his statement for 5 minutes.

STATEMENT OF MICHAEL W. MC CORMICK, EXECUTIVE DIRECTOR, NATIONAL BUSINESS TRAVEL ASSOCIATION

Mr. MCCORMICK. Thank you.

Madame Chairwoman Jackson Lee and Ranking Member Dent, I appreciate the opportunity to appear before your subcommittee today to discuss the importance of facilitating business travel and really represent the business traveler at large.

National Business Travel Association has worked closely with the full Committee on Homeland Security and with your subcommittee over the last several years on a wide range of important policy issues. I recently assumed the position of NBTA's executive director and chief operating officer in late August, and I am looking forward to continuing our productive relationship in the years to come.

NBTA is the world's premier business travel and corporate meetings organization. NBTA members, numbering more than 4,000 in 30 nations, include corporate travel, Government travel, and meetings management executives as well as travel service providers. They collectively manage and direct more than $200 billion of global business travel and meetings expenditures annually on behalf of more than 10 million business travelers within their organization.

This year has been a very difficult year for business travel, in part because businesses have cut their travel expenditure in the face of political and media pressure. However, business travel is an essential part of economic recovery, new jobs, and corporate productivity.

NBTA and IHS Global Insight recently released a landmark study indicating that businesses realized more that $15 in profit for every $1 wisely spent in business travel. This groundbreaking research shows that companies will potentially lose out on more than $200 billion in gross profits in this year alone because they will not fully realize the strategic value of business travel.

While 2009 has been challenging for the travel industry, the sudden demise of the Registered Traveler program in June was an unnecessary and unfortunate development. It has hindered business productivity; it has been a major frustration for NBTA's members and allied providers. We are grateful that this committee has stepped forward aggressively to defend RT both as operationally and as a policy matter while new TSA can arrive to review the program and hopefully give it the support it truly needs.

Throughout the public policy debate on RT, NBTA has consistently advocated six points which we believe are the keys to success: One, voluntary participation; two, broad availability; three, collaboration between airports and RT providers; four, expedited screening provided in a designated lane that doesn't slow other travelers; five, robust protection for data collected as part of the RT enrollment; and six, public understanding of the benefits, costs, and security offered by RT.

NBTA was pleased to see these points contribute to the program's growth, and with approximately 250,000 individuals enrolled in at least one of the service providers and a valuable network of 21 airport locations, included crowded hubs such as Atlanta and New York's LaGuardia.

Business travelers were very disappointed when, with only several hours' notice, VIP's Clear terminated service and two other smaller players were forced to suspend operations within VIP's airport—with VIP's operations default. This development was a sudden and unfortunate blow for business travelers.

NBTA was besieged with member inquiries, asking what they could do to restore the program. We immediately wrote to each airport operating RT asking them to work to restore the program with willing providers. We further asked DHS and TSA to protect the RT database to maximize the chance that a next-gen program would be successful.

So moving forward, NBTA urges Congress to enact the RT provisions in Section 234 of H.R. 2200 in the House-passed TSA reauthorization as amended by Transportation and Infrastructure through your leadership. TSA should reinstate security threat assessments and background checks for RT participants and review screening protocols that would help RT become a true risk management tool to secure an efficient air traveler, especially for frequent business travelers.

With the recent announcement by President Obama that he intends to nominate Erroll Southers for the position of TSA administrator, NBTA is hopeful that DHS and TSA will take a fresh look at how RT may improve TSA's efficiency, strengthen security, and facilitate frequent travelers. Even as legislation is further considered in Congress, TSA has its own authority under the Aviation and Transportation Security Act of 2002 to implement a robust RT program if they choose to do so.

NBTA has been a staunch supporter of Global Entry. NBTA was very enthusiastic about the recent expansion of the Global Entry Pilot program to offer the program at 20 U.S. airports serving international destinations.

NBTA has heard repeated requests from Global Entry members and their travel managers that DHS should integrate Global Entry and domestic RT Certainly any applicant who passes the stringent entry requirements for Global Entry should be eligible for domestic RT.

So in closing, RT was popular among our membership and the travelers they represent. Time is money for corporate travelers, and the RT program makes air travel more efficient, predictable, and convenient while enhancing security for all Americans.

Thank you for the opportunity to appear before this committee today, and I look forward to answering your questions as well.

[The statement of Mr. McCormick follows:]

PREPARED STATEMENT OF MICHAEL W. MCCORMICK

SEPTEMBER 30, 2009

INTRODUCTION

Madame Chairwoman Jackson Lee and Ranking Member Dent, I appreciate the opportunity to appear before your subcommittee today to discuss the importance of facilitating business travel. The National Business Travel Association ("NBTA") has worked closely with the full Committee on Homeland Security and with your subcommittee over the pasts several years on a wide range of important policy issues. I recently assumed the position of NBTA's Executive Director and COO in August and am looking forward to continuing our productive relationship in the years to come.

NBTA is the world's premier business travel and corporate meetings organization. NBTA and its regional affiliates—NBTA Asia Pacific, the Brazilian Business Travel Association (ABGEV), NBTA Canada, NBTA Mexico, and NBTA USA—serve a network of more than 15,000 business travel professionals around the globe with industry-leading events, networking, education & professional development, research, news & information, and advocacy. NBTA members, numbering more than 4,000 in 30 nations, are corporate and government travel and meetings managers, as well as travel service providers. They collectively manage and direct more than U.S. $200 billion of global business travel and meetings expenditures annually on behalf of more than 10 million business travelers within their organizations.

2009 has been an extremely challenging year for the business travel industry. Amid the general economic downturn, business travel has also suffered under simultaneous attacks—one man-made and one born of nature.

Earlier this year, business travel came under fierce attack by politicians and the media as a frivolous expense in a time of corporate belt-tightening and Federal assistance to struggling industries. The so-called "AIG effect" led corporations, worried about being scapegoats for conducting business travel, attending conferences, or rewarding employees with incentive travel, to scale back their business travel far beyond cuts in other core business functions such as advertising, employees benefits, or information technology. In a study conducted in February 2009, 43% of NBTA travel buyers indicated that they had cut back on spending on travel in part due to perception issues. As discussed later in the testimony, NBTA has recently released research demonstrating that cutting business travel too aggressively can have serious negative impacts on corporate productivity and revenues.

Simultaneously, the advent of the H1N1 flu strain has scared potential travelers and required expensive precautionary measures to be implemented by governments, airlines, and other travel providers. The dramatic fall-off in travel to Mexico and a warning by the European Union not to travel to North America earlier this year may be portents of things to come. NBTA applauds the proactive nature of the Obama administration, working with health authorities and foreign governments, to combat H1N1. Over-reaction to this flu could hinder economic recovery so we look forward to close collaboration with the Government during the upcoming flu season.

HOUSE COMMITTEE ON HOMELAND SECRURITY'S LEADERSHIP ON REGISTERED TRAVELER

While 2009 has certainly seen some bright spots in the travel landscape, including new investments in infrastructure in the Recovery Act and decreases in travel delays due to lighter travel volumes, the sudden demise of the Registered Traveler program in June was an unnecessary and unfortunate development that has hindered business productivity and been a major disappointment to NBTA's members and allied providers.

We are grateful that this committee has stepped forward aggressively to defend RT, both as a policy matter and operationally, while a new TSA leadership can arrive to review the program. In addition to holding this oversight hearing, the committee has played an invaluable role in ensuring that data provided by individuals enrolled in RT has been protected from improper disclosure. The committee has also helped protect a future RT program by convincing the Transportation Security Administration not to order deletion of customer information while new vendors seek to restart the program. Most importantly, the committee included valuable language in its Transportation Security Administration Reauthorization bill (H.R. 2200) to require TSA to evaluate how RT may be utilized as a risk management tool to increase TSA's efficiency, improve aviation security, and facilitate travel for frequent air travelers.

NBTA'S SUPPORT FOR REGISTERED TRAVELER

NBTA has been a staunch supporter of RT since it was first proposed in the aftermath of the new aviation screening protocols necessary after 9/11. NBTA testified in support of the program on at least three occasions before this committee and the Senate Commerce Committee. Until recently, we believed that 2009 was going to be the year when RT hit critical mass where it could provide great benefits to our members and the general traveling public. In our 2009 Government Affairs Agenda, we included RT as a policy priority: "Building on increased support from Congress and the executive branch, TSA should resume and expand the security threat assessments for RT members to allow for security checkpoint benefits."

The premise behind RT is simple but powerful. In allocating significant and ultimately limited resources available to screen aviation passengers for threats to passenger aircraft, the Government must make decisions on how to allocate their resources. NBTA believes—as has the 9/11 Commission, the Congress, and numerous

security experts—that TSA and the private sector should work cooperatively to provide incentives for frequent travelers to provide advance information sufficient to identify them as low-risk, provide tamper-proof identification verification equipment to confirm enrollees, and provide reasonable security benefits commensurate with the reduced risk of enrollees.

As recommended by the 9/11 Commission: "[P]rograms to speed known travelers should be a higher priority, permitting inspectors to focus on greater risks. The daily commuter should not be subject to the same measures as first-time travelers. An individual should be able to pre-enroll, with his or her identity verified in passage. Updates of database information and other checks can ensure on-going reliability." (The 9/11 Commission Report, p. 388).

Moreover, even beyond the security aspects of RT, the predictability of very short RT wait times generated significant productivity gains for NBTA members and the employees they support. While wait times have declined in the past several years due to high TSA screener numbers and declines in aviation travel, business travelers unwilling to risk missing a flight have been forced to plan around worst-case TSA wait-time scenarios. So a traveler repeatedly must spend an extra 20–40 minutes in the sterile area of the airport, on the off-chance that the TSA screening line might be long that particular day. Multiply those less-productive minutes across millions of trips, and business travel productivity suffers greatly. While wait times have decreased in past year due to declines in travel and improvements in TSA processes, NBTA hopes the committee and TSA will look to RT as a powerful tool when the economy recovers and our airports and skies are more crowded than ever before.

Throughout the public policy debate on RT, NBTA has consistently advocated 6 key points which we believe are the keys to success:

- Voluntary participation (opt-in);
- Broad availability;
- Interoperability between airports and between RT providers;
- Demonstrably expedited screening provided in a designated lane without slowing other travelers;
- Robust protection of data collected as part of RT enrollment;
- Public understanding of the benefits offered by RT, the costs associated with participation, and the security check process.

NBTA was pleased to see the program grow under these principals throughout the past several years up until this summer. At its peak this year, approximately 300,000 individuals had enrolled with one of the service providers, and a valuable network of 21 airport locations had come on-line. These airport locations included crowded hubs such as Atlanta, Boston, Denver, Orlando, New York LaGuardia, New York Kennedy, Washington Reagan, and Washington Reagan. Renewal rates were high and satisfaction with the program's operation was solid.

One of the main attacks on RT is that the program represents "Lexus Lanes." However, Registered Traveler makes airport security lines more efficient for ALL travelers. In Orlando, RT lanes regularly processed up to 15% of the passengers moving through the airport, using just 10% of the TSA checkpoint lanes. RT not only gives its members a fast, predictable experience when they arrive at airport security, but makes the lines for everyone else shorter too. The correct analogy here is electronic tolling (like E–Z Pass) on highways: As long as the electronic lanes and non-electronic lanes are apportioned correctly, everyone now goes through highway tolls faster than before electronic tolling was invented. Similarly with RT, assuming airports correctly deploy equipment to meet RT demand, TSA will need to use fewer screeners, less equipment, and reduced screening space for the remaining passengers.

In addition, NBTA has found that RT has been a welcome complement to other concepts meant to speed travelers through security. Many airlines now utilize preferential security queuing for first-class passengers or premiere "frequent flyer" members. RT, however, can be used across airlines and by "road warriors" who must purchase coach tickets based on price, rather than by accumulating miles on a particular airline. In addition, TSA has deployed "Black Diamond Self Select Lanes" at many airports where "expert" travelers can choose one lane and slower travelers such as families and individuals with disabilities can choose another lane. However, while this concept benefits many business travelers by giving them a faster checkpoint process, it has no security component and essentially reorganizes traffic rather than streamlining it.

However, the program was operating with one flaw that became impossible for investors to ignore. The TSA itself pulled back in 2008 from the security side of the program, leaving the program as solely an airport initiative with no security aspects. The name-based security background check was discontinued. The biometric-

based security background check, entirely possible with enrollee fingerprint data, was never initiated. TSA argued that it could not ensure that a "clean skin" terrorist would not identify the program as a security weakness, by exploit any changes to screening protocols to sneak weapons or explosives on an aircraft.

After the TSA and DHS leadership ended the security aspects of RT in July 2008, the new administration has not conducted a major review of the program while it has considered possible candidates for the TSA Administrator position. As month after month went by with RT acting essentially as a competitor "front-of-the-line" program to airline first-class and TSA experienced traveler offerings, investors supporting RT vendors opted to pull their financial support for the largest RT vendor, Verified Identity Pass, in June 2009. With only several hours notice, VIP's CLEAR service was terminated, and the two other smaller players could were forced to suspend operations with VIP's airport operations defunct.

This development was a sudden and unfortunate blow for business travelers. NBTA was besieged with members asking what they could do to restore the program. We immediately wrote to each airport operating RT, asking them to work to restore the program with willing providers. We further asked DHS and TSA to protect the RT database to maximize the chance that a next generation program would be successful. And we worked with the Congress to have committees, such as this one, and Members express their support for RT to the TSA.

MOVING FORWARD ON REGISTERED TRAVELER

(1) NBTA urges Congress to enact the RT provisions in the House-passed TSA Reauthorization. Section 234 in H.R. 2200 as amended by Transportation and Infrastructure Subcommittee Chairwoman Sheila Jackson Lee (D–TX) and Subcommittee Member Daniel Lungren (R–CA) will enhance RT's risk management and traveler facilitation potential. Specifically, the provision would require TSA to consider how RT can be integrated into "risk-based aviation security operations," to reinstate security threat assessments and background checks for RT participants, and to review screening protocols "to realize the full potential of the Registered Traveler Program." NBTA believes that the amendment would help RT become a true risk-management tool for secure and efficient air travel, especially for frequent business travelers. RT was popular among NBTA members and the travelers they support: Time is money for corporate travelers, and the RT program can make air travel more predictable and convenient, while enhancing security for all Americans.

(2) With the recent announcement by President Obama that he intends to nominate Erroll Southers for the position of TSA Administrator, NBTA is hopeful that DHS and TSA will take a fresh look at how RT may improve TSA's efficiency, strengthen security, and facilitate frequent travelers. Even as legislation is further considered in the Congress, TSA has its own authority under the Aviation and Transportation Security Act of 2002 to implement a robust RT program.

The unwillingness of TSA to utilize risk management at the passenger checkpoint stands in stark contrast to nearly the entire rest of the post-9/11 homeland security agenda. Consider:

- The State Department and DHS manage the Visa Waiver Program, under which half of international travelers are not fingerprinted until they arrive in the United States, while half undergo visa interviews and fingerprint checks before travel;
- Homeland security grants are largely distributed based on risk-based criteria;
- Cargo containers are each scored for risk factors to identify which require more intensive screening;
- TSA allows airport workers and other transportation workers access to sensitive areas such as airport tarmacs and transportation hubs if they have passed a background check similar to that rejected for RT applicants by TSA;
- TSA's fellow DHS agency, U.S. Customs and Border Protection, has forged ahead with a myriad of trusted traveler programs, including Global Entry, NEXUS, SENTRI, and FAST, that provide streamlined entry into the United States for pre-vetted populations.

Ironically, the reluctance of TSA to support the RT program came during a time when TSA made great strides in strengthening the other aspects of its layered security regime for aviation. Thus, RT applicants still would be operating in a universe where TSA was deploying a myriad of counter-terrorism programs including: Secure Flight pre-flight watchlist reviews, behavorial profiling teams, checkpoint security equipment, baggage screening equipment, canine teams, air marshals, trained flight attendants, strengthened cockpit doors, and armed pilots. The RT security background check would be just one aspect of vetting RT applicants before they board a plane.

To drill down one layer deeper, we encourage Congress and the TSA to make the following comparison. There are millions of Americans who have undergone rigorous background checks to ensure they can be trusted in sensitive locations or with sensitive information. These individuals include:

- Government employees and contractors with full security clearances;
- Active members of law enforcement and the military;
- Transportation workers screened under the Transportation Worker Identification Card program;
- Aviation workers screened for access to sensitive areas of the airport; and
- Individuals enrolled in other DHS trusted traveler programs such as Global Entry, SENTRI, NEXUS, and FAST.

Currently, when these individuals fly, they normally receive the exact same screening as individuals about whom all TSA may know. In fact, an airport worker could end a work day with direct, unsupervised access to an airplane, but be subjected to same checkpoint screening as everybody else if he or she wanted to fly commercial on that same plane 30 minutes later.

COORDINATION WITH GLOBAL ENTRY

NBTA has been a staunch supporter of the CBP trusted traveler program, Global Entry. Pushed for the creation and funding of the international registered traveler Global Entry Program. In 2007, we urged successfully that language be included in the annual DHS appropriations bill for the creation of the program. The following year, our efforts helped the program receive $10 million in funding to buy and deploy enrollment and verification equipment. NBTA was the first organization to utilize CBP's Global Entry Mobile Enrollment Unit at the NBTA Leadership Summit in November 2008. NBTA again led the way as the first organization to host Global Entry enrollment at a major trade show, during the 2009 NBTA Convention. Global Entry provides low-risk, pre-approved travelers expedited entry into the United States. Program participants bypass regular passport control and proceed directly to Global Entry Kiosks, where their identity is confirmed using biometrics.

NBTA was very enthusiastic about the recent expansion of the Global Entry pilot program to an additional 13 U.S. international airports: Boston, Dallas, Detroit, Ft. Lauderdale, Honolulu, Las Vegas, Newark, Orlando, Philadelphia, Sanford (Orlando), San Francisco, San Juan, and Seattle. Combined with the 7 airports already operating (New York's John F. Kennedy, Bush Intercontinental in Houston, Washington Dulles, Los Angeles, Hartsfield-Jackson Atlanta, Chicago O'Hare and Miami), Global Entry is now operational at the Nation's top 20 international arrival airports.

NBTA has heard repeated requests from Global Entry members and their travel managers that DHS should integrate Global Entry and domestic RT. Certainly, any applicant who passes the stringent entry requirements for Global Entry (including biometric and biographic checks, a personal interview, and a thorough criminal check) should be eligible for domestic RT.

Discussions between CBP, TSA, and RT vendors before the collapse of the program this summer were unproductive to date. NBTA strongly believes that an integrated DHS looking to maximize low-risk travel and present an unified approach to the public needs to offer an unified application and fee process for Global Entry and RT.

THE VALUE OF BUSINESS TRAVEL

As mentioned above, 2009 has been a difficult year for business travel, in part because businesses have cut travel in the face of political and media pressure. However, business travel is an essential part of economic recovery, new jobs, and corporate productivity. NBTA and HIS Global Insight recently released a landmark study indicating that businesses can realize more than $15 in profits for every $1 spent on business travel. The groundbreaking research shows that companies are potentially losing out on nearly $200 billion in 2009 in additional gross profits because they are not optimizing their investments in strategic business travel.

The analysis shows a clear link between travel spending and corporate profits, with the return on investment varying across the 15 industries examined. The study also illustrates that for each industry there is a point at which increasing business travel spending begins to cut into profits. Among the study's key findings:

- *Business Travel Contributes to Sales.*—A significant and measurable relationship exists between business travel expenditures and sales volumes.
- *Sizeable Returns on Investment.*—An average return on business travel investment of 15-to-1.
- *Returns on Investment Vary by Industry.*—Returns on investment vary across each of the 15 industry segments in the study.

- *$193 Billion in Profits at Stake*.—Companies within most industry segments are not operating at optimal travel expenditure levels and collectively could realize $193 billion in additional profits.
- *Massive Stimulative Effect on the U.S. Economy*.—Increasing travel expenditures to optimal levels could create 5.1 million new jobs, generating more than $101 billion in tax revenue.

The study examines 10 years of data for 15 industry sectors covering the U.S. economy, analyzing industry-level data on business travel, business expenses, revenues and profitability in order to establish a link between business travel and corporate profits.

Ms. JACKSON LEE. I thank all the witnesses for their testimony, and I would like to remind each Member that he or she will have 5 minutes to question the panel.

I now recognize myself for questions, and we will then recognize Mr. Dent, and we will recognize Mr. Cleaver and thank them for being here. Let me also acknowledge, present was Mr. Thompson, Mr. Massa, Mr. Lungren, and Mr. Olson, and Mr. Austria, who were present at our hearing today.

Let me—and I think I laid the groundwork for this question earlier—ask you, Ms. Townley, clearly and straightforwardly, why did Clear fail and how will you ensure that that does not happen again?

Ms. TOWNLEY. Well, first and foremost, I wasn't part of the old Clear, but when we did our due diligence, we believe that there is a much more economic and economically-viable way to run the business. I think the beauty of our position and moving forward is that we will benefit from 4 years of experience that Clear did.

I mean, really, when Clear launched, as you all know here, it was completely a new concept, and it was mentioned many times here today, the private sector took this on with a passion and went very fast and furious to put in——

Ms. JACKSON LEE. But excuse me, in determining to buy the assets——

Ms. TOWNLEY. Why did we——

Ms. JACKSON LEE. Excuse me.

Ms. TOWNLEY. I am sorry.

Ms. JACKSON LEE. In determining to buy the assets of Clear——

Ms. TOWNLEY. Yes.

Ms. JACKSON LEE [continuing]. You had to look at its business plan or its format.

Ms. TOWNLEY. Yes.

Ms. JACKSON LEE. Why did they fail?

Ms. TOWNLEY. Well, we think we—can I address why we think we will succeed?

Ms. JACKSON LEE. No. I would like to know why they failed. You might lead into why you will succeed.

Ms. TOWNLEY. Okay. Why they failed was that they were unable to rebalance their balance sheet. I mean, they couldn't come to terms with their own financials and their balance sheet.

So we feel that we have already restructured the balance sheet and the company. We have already raised substantial money. We have a list of very passionate customers.

So our plan is to relaunch the service in a way that is more economic. So back to my testimony, that is why I think it is very important that when the Registered Traveler program starts again that we do this in a clear partnership with the TSA, the Depart-

ment of Homeland Security, and our airports to make sure that this won't fail again and that there really is a value to the consumer and that it is economic.

Ms. JACKSON LEE. We appreciate very much your enthusiasm, and you can understand our disappointment in the program failing. So let me pursue this line of questioning.

You have a very large investment house that is investing with you. What is the role of that investment house and what effect are the pending lawsuits going to have on your reorganizing of this company?

Ms. TOWNLEY. Well, we have to address all of those, and we have a court hearing to address that. I can't go into all the detail on that right now. I actually don't feel 100 percent comfortable doing that, but I would be happy to follow up later.

I can say that in terms of the consumer, our plan is to make good on the terms of their contracts, so where the service stopped we will, at no cost to them, restart their service and extend the terms in the new Clear.

Ms. JACKSON LEE. Do you plan to settle the claims that airports have against Clear?

Ms. TOWNLEY. We have each airport—we are having conversations with each airport, so we would prefer not to go into bankruptcy, and we would prefer to find a way that we can move forward with a new Clear.

Ms. JACKSON LEE. Have you consulted with TSA on your plans?

Ms. TOWNLEY. Yes, we have. We have——

Ms. JACKSON LEE. Have you asked them for a security benefit?

Ms. TOWNLEY. We ultimately would like to get to a place where we have a security benefit, yes.

Ms. JACKSON LEE. Mr. Fischer, I am asking you the same questions. What did FLO—or why did FLO cease operations this summer, and how will you be sure that that will not happen again? Maybe you can expand on competitors calling in to TSA or being the reason for your demise.

Turn on your mic, please.

Mr. FISCHER. My apologies. FLO, as a corporation, has not failed. It is operating exactly as it was prior to Clear's shutdown.

We suspended operations in consultation with the TSA upon Clear's failure. This is because we sold a card that was interoperable, and nationally our card—our FLO card—could be used in any lane around the country.

With a majority of the lanes shut down, it wasn't in our best interest to move forward in selling new cards and we decided to suspend operations. We are planning to relaunch in the next 30 days.

How do we ensure that it won't happen again? The best answer I can give you is competition.

There was no competition in the space because it was hampered by Clear's efforts at airports. Every airport that we tried to bid on in joint with Clear, the number was raised into the millions on millions minimum annual guarantees that no——

Ms. JACKSON LEE. Why is that?

Mr. FISCHER [continuing]. That no competitor could afford. Clear wanted to outprice themselves in the industry. They bought airports—and that is part of the reason for their failure. They failed

because they paid millions of dollars to airports that wasn't necessary. They did it to beat us in competition.

So if an airport came out and said, "We have a bid for Registered Traveler. We would like for you to offer some revenue share schemes," in most of those bids we offered a higher revenue share scheme. Clear came up with a scheme that said, "We are going to pay you $1 million guaranteed whether we sell cards or not," and that is part of Clear's failure. They found markets specifically—Little Rock, Albany, Salt Lake City, Westchester County—where they guaranteed airports guarantees every year and they couldn't sell enough cards to——

Ms. JACKSON LEE. So how do you think anyone is going to settle a claim if they owe airports such as those that you have named for a million dollars and have not been paid yet?

Mr. FISCHER. The airport that I operate in Reno, I had no guarantee.

Ms. JACKSON LEE. No, sir.

Mr. FISCHER. Yes.

Ms. JACKSON LEE. How do you think a company that is guaranteed $1 million—how do you think a company that is guaranteed $1 million, that is a outstanding claim, can—how can that be paid off?

Mr. FISCHER. I don't have that situation. I can't answer that for Clear.

Ms. JACKSON LEE. It seems to be challenging.

Mr. FISCHER. It should have never been proposed in the first place.

Ms. JACKSON LEE. But it seems that it will be a challenging——

Mr. FISCHER. It will be very challenging. I——

Ms. JACKSON LEE [continuing]. Proposition.

Mr. FISCHER. I don't think those airports are ever going to be paid, my opinion.

Ms. JACKSON LEE. Let me, very quickly, Mr. Fischer, do your—excuse me, Mr. McCormick, excuse me, do your travelers and members believe that the security benefit that TSA could provide is important to the RT program?

Mr. MCCORMICK. Yes. It is an important component of it, but it is not required in our minds for this to, you know, begin again.

Ms. JACKSON LEE. They would be comfortable as it is presently structured?

Mr. MCCORMICK. Yes.

Ms. JACKSON LEE. So we need to look at it from the overall perspective of whether or not the security benefit is a value to the overall security of this Nation?

Mr. MCCORMICK. Correct.

Ms. JACKSON LEE. Thank you.

I recognize the gentleman from Pennsylvania, Mr. Dent, for 5 minutes.

Mr. DENT. Thanks, Madame Chairwoman.

Mr. McCormick, you drew an analogy in your testimony that Registered Traveler lanes is like E–Z Pass lanes, in that they allow for all passengers to go through security faster. Can you explain this concept, and how can a speed lane for paying customers actually decrease the wait times for nonpaying customers?

Mr. MCCORMICK. Well, it is really an issue of accomplishing two things. I mean, of course our primary objective is, you know, the need for the business traveler, and particularly the frequent business traveler, and having them have a better, more efficient experience at the airport. But when you take those travelers and you put them into the special lane, it basically allows TSA resources to focus on the first-time or infrequent travelers who, frankly, need more time.

You know, it is all part of an overall solution that we feel is, you know, optimal for accomplishing the objective to get people safely through the airport and on their way.

Mr. DENT. Your testimony also included examples of how the Department has generally embraced risk-based processing. One example you note, TSA allows airport and other transportation workers access to sensitive areas such as airport tarmacs and transportation hubs if they have passed a background similar to that rejected for RT applicants by TSA.

If TSA conducted a similar background check as they do for SIDA badges for RT applicants, in your estimation would travelers be willing to undergo such a check?

Mr. MCCORMICK. I think they would. Speaking, again, for myself and on behalf of frequent business travelers, if it helps you get through, you know, Chicago O'Hare on a Friday afternoon and get you home to your family faster, if it allows you to get out on a Monday morning in virtually any airport in a more efficient fashion, you would be willing to do it, for those that are serious about, you know, their time and the importance of it.

Mr. DENT. So why do you think the TSA has rejected such a background check for—in the past?

Mr. MCCORMICK. I can't speak for TSA, and certainly being new in my role I haven't had an opportunity to speak with them directly or understand why they have taken on the policy approaches they have. But again, back to the need, the need is there and the support of our organization, and again, over 10 million business travelers behind this effort.

Mr. DENT. Thank you.

Ms. Townley, you had testified that the Henry Company will restart the Clear Registered Traveler program. What actions should be taken by TSA and any successor to Clear to ensure that the program is a viable risk-based security program?

Ms. TOWNLEY. Well, first of all I think that we have to partner on what the end objective is, so ultimately I think that if we all agree that Registered Traveler provides greater security in this country, so if there is—it is all about risk management, so increasing risk management. So the more people we have going through Registered Traveler, the more people who volunteer to be registered travelers, it will reduce risk.

But the bottom line is, to get people to do that we have to make it attractive to them. So I think that we, coming from basically Silicone Valley, coming from the Bay Area, are already talking to technology—the technology community and technology companies on what is the next generation? What can we do together that will meet the standards that we need for security but will also provide

convenience so that more and more people will be willing to do this?

Mr. DENT. Have you spoken with any Clear airports?

Ms. TOWNLEY. Yes, we have.

Mr. DENT. What is their perspective on your company potentially or possibly succeeding to their business?

Ms. TOWNLEY. Most of the airports we have spoken to are very positive. They were rightly frustrated and discouraged about what happened. They understand that we are a completely new company. But they see the need for this and they see the benefit of it, so our plan is to be very transparent and to partner with them and really provide this new generation of RT to be a success.

Mr. DENT. I think you might have addressed it with Chairwoman Jackson Lee, but you have had some dialogue with TSA and DHS on this?

Ms. TOWNLEY. Yes, we have.

Mr. DENT. Can you restate, you know, what their thoughts are?

Ms. TOWNLEY. Well, I would feel uncomfortable restating their thoughts, but my impression is that we are in line, or in the sense that we believe that we can enhance aviation security and customer convenience with the right application of technology, that there is—we can do that working together. So we feel very—that they have been very open to us.

Mr. DENT. Thank you.

I will yield back. Thank you.

Ms. JACKSON LEE. Thank you very much, Mr. Dent.

Now I am happy to yield 5 minutes to the gentleman from Missouri, Mr. Emanuel Cleaver, Congressman Cleaver.

Mr. CLEAVER. Thank you, Madame Chairwoman.

Mr. Fischer, I am concerned that maybe Clear was too big to fail. Are you?

Mr. FISCHER. No. I don't agree with that at all.

Mr. CLEAVER. Okay. They fail, everybody else leaves. Same thing that happened to the banks. Tell me the difference.

Mr. FISCHER. Well, we haven't left.

Mr. CLEAVER. So you are in full operation?

Mr. FISCHER. No, we are not in full operation.

Mr. CLEAVER. Okay, then you left.

Mr. FISCHER. The network needs to be rebuilt, and we are planning on rebuilding the network.

Mr. CLEAVER. Yes, okay.

Mr. FISCHER. Sir, if I sold you a card that was operable in 21 airports and now it was operable in one airport, that doesn't leave me much room to operate a program.

Mr. CLEAVER. That is not the point I am trying to make. You are making another point, and it is a good point for somebody else.

But the point I am trying to make is, Clear goes out of business and then all operations across the country—the 20 airports, 20, 21 airports, whatever it is—they cease. Am I right about it?

Mr. FISCHER. That is——

Mr. CLEAVER. Somewhat true.

Mr. FISCHER. Yes.

Mr. CLEAVER. Okay. Where is it not true?

Mr. FISCHER. Well, we could have stayed open and——

Mr. CLEAVER. No. Okay. Are there any open?

Mr. FISCHER. No. There are none open.

Mr. CLEAVER. Okay. So you said it is almost true?

Mr. FISCHER. Well, we shut down our operations. Vigilant, who is another operator, who operated Jacksonville and Louisville, Kentucky, had financial problems and shut because of financial problems.

Mr. CLEAVER. Okay. So Clear was not too big?

Mr. FISCHER. Clear operated 18 of the 21 airports. By them——

Mr. CLEAVER. Is that too big to fail? I mean, the point—if someone else takes dominance and they should somehow fail, I am concerned about whether or not the others will automatically fail. I am on the Banking Committee. I have just seen this repeatedly and I know that the American public is angry over that, and I don't want to see it repeated at the airport.

Mr. FISCHER. Sir, let me take another stab at it, please?

Mr. CLEAVER. Okay.

Mr. FISCHER. In Clear's shutdown we went out to every one of the major airports—probably the top 10 that Clear operated. We asked them to reopen. They have definite interest in reopening their Registered Traveler lanes; they were all waiting on TSA to say what they were going to do. TSA has never made a statement on the failure of Clear and what the next step was going to be.

So we have airports that are ready to reopen, and we could have reopened those 10 if the TSA would have taken a stand. The TSA did not take a stand. If the TSA would have said, "It is RT as usual. Go forth and reopen," half the network would have been reopened within a month after Clear's failure.

It is like if a bank fails and a bank owns 90 percent of a community's branches. Another bank is going to step in.

Mr. CLEAVER. No, FDIC steps in, but the——

Mr. FISCHER. Pardon my ignorance.

Mr. CLEAVER. No, I mean, you don't deal with this every day.

Here is what I know: 165,000 people didn't get their money back.

Mr. FISCHER. Okay. That is in the Clear program——

Mr. CLEAVER. Yes. So, you know, of course it is only two, so what, $400 or $500?

Mr. FISCHER. Clear was charging $200. We were charging $100.

Mr. CLEAVER. Okay. So that is not going to create a lot of havoc in people's lives like banks, but the fact is they lost their money. Am I right?

Mr. FISCHER. Well, part of the testimony earlier was the AAAE whether we could—and we have been trying to get AAAE to do this—to roll over a member who was in the Clear program that is now defunct into the FLO program without having to reregister. That would have taken a large step as to relaunching airports also, because the biggest problem, the hardest part for somebody to enroll in this program is to go out to the airport, give up your biometric, give up you breeder documents and become enrolled.

It would have been simplistic if we could have rolled over a Clear member, and we would have honored their memberships. That was the plan we presented to TSA and the AAAE and we still don't have an answer on that subject. Wasn't that some of the questioning earlier?

Mr. CLEAVER. Well, okay, yes. But just you and me.

Mr. FISCHER. I have been ready to relaunch from day 1. Airports have said yes, but they are saying, "Wait a minute, we need guidance." They have not received the guidance from the TSA.

These airports will start coming. We have two that are going to open in the next 30 days; there are more behind that. But still, there are a lot of airports holding out.

The biggest airport in the system was Orlando, with 51,000 members. Orlando is waiting for TSA to do something, and TSA has said nothing since Clear shut down.

Mr. CLEAVER. Ms. Townley.

Ms. TOWNLEY. Thank you.

Actually, we have been in very good, strong communications with Orlando and they are working with us to restart, and they want to restart with Clear. I think the other thing that is important to note when we restart the Registered Traveler program is that the whole interoperability agreement has to be economically viable for all participants. Clear is the one, really, who went out and invested the most in the 18 airports and had the biggest exposure, and in the interoperability everyone could use their network.

So, yes, it makes sense that when they ran into financial trouble and couldn't, you know, balance their books they weren't—everyone else shut down. You can call it what you want to call it, but it shut down.

So we can't do that again. If we are going to restart this it has to be a system where the interoperability is viable for all participants.

Mr. CLEAVER. Madame Chairwoman, I know my time is out. Can I just——

Ms. JACKSON LEE. Without objection. Gentleman is recognized for an additional minute.

Mr. CLEAVER. Thank you.

Where I am going, and that is, Mr. Fischer, where I was trying to go, and I don't know if you were trying to keep me from going there or——

Mr. FISCHER. No, sir.

Mr. CLEAVER. No, I am kidding.

What I want to know is, what is going to happen now to prevent all of the airports—the participating airports—from losing this fast lane should FLO go out of business?

Mr. FISCHER. What is to prevent it in the future?

Mr. CLEAVER. Yes.

Mr. FISCHER. I think what is to prevent it is the healthy interoperable competitive environment where we have multiple competitors who work together, who honor each other's cards, with a reasonable fee between us to honor each other's cards. That is what is going to prevent us from going out.

Again, I was fully willing and able to reopen those Clear lanes, had the capital to do it, and ran into multiple roadblocks.

Mr. CLEAVER. All right.

Thank you, Madame Chairwoman.

Ms. JACKSON LEE. I think the line of questioning of both Mr. Dent and Mr. Cleaver have been productive and very instructive. Let me conclude with just trying to clear some remaining points.

Ms. Townley, do you believe that you will have to—will not have to re-compete for airports under your present venture?

Ms. TOWNLEY. No, I do not believe that. I think it is a competitive environment.

Ms. JACKSON LEE. So you believe that you will have to re-compete?

Ms. TOWNLEY. I think in many cases we will have to prove ourselves again and compete for their business and their trust.

Ms. JACKSON LEE. So do you have a structure where you are going after the business?

Ms. TOWNLEY. Well, we presently don't own the company yet, but we are already working on that, yes—on the plan.

Ms. JACKSON LEE. Okay.

Ms. TOWNLEY. As I said, talking to the airports. Part of the due diligence was to make sure that these airports were still interested. We wouldn't have pursued this if the airports had said, "No, we are done with you people." So——

Ms. JACKSON LEE. Thank you.

Mr. Fischer.

Mr. FISCHER. Madame Chairwoman, I would say that in answer to your question, airports that are going to come up for bid again will have to go through a bid process. Because there has been a change of entity in Clear the contracts cannot be honored, so we will have to get into a bidding process. I see that probably that it is going to be a 3- to 4-month process at each airport.

Ms. JACKSON LEE. So we are really—well, for lack of—we are really on the ground floor?

Mr. FISCHER. Well, not necessarily. Again, I said there is going to be two airports that are going to open in the next 30 days; we think there will be others that will come behind.

We are in a unique position at FLO because in most of the procurement laws around the country and for these aviation authorities, we finished second to Clear in these bids, in these RT. We do have the right to assume their contract, as the second position, so there may not have to be bids in certain situations.

Ms. JACKSON LEE. Well, let me tell you that I am—this is very fuzzy, and so I know people are sensitive about their proprietary information but I would like from the two parties, Ms. Townley and Mr. Fischer, to get a written response as to the next step of addressing the existing airports in the program, what you intend to do.

Are you going to have a rebidding process? When I say that obviously it is the airport as the actor in this. But are you going to begin going to airports and seeking, Mr. Fischer, representing FLO, what Clear had, or is there a line of communication or a line of agreement where Clear keeps what they had, or are all of these up for bid?

The second question is, there are outstanding Registered Traveler members who have paid their money. What is happening to those members?

Mr. FISCHER. In terms of FLO, I have received two requests for refunds and we have granted those refunds.

Ms. JACKSON LEE. All right.

Mr. FISCHER. Only two.

Ms. JACKSON LEE. Ms. Townley.

Ms. TOWNLEY. Well, as I said, as we move forward we will honor the terms on their—you know, when we finalize the deal and move forward we will honor the terms on the people who want to move forward, and the people that don't want to move forward, we are not in a position to refund them in the new corporation.

Mr. MCCORMICK. If I may, on behalf of NBTA, with both these organizations, and frankly any organization that was going to advance the cause, we are happy to work with them and with our membership to communicate any kind of conversion program that they wish to put in place to bring those members on to, you know, a new platform or into their respective companies. It is all in our best interest.

Ms. JACKSON LEE. So did you give them the list? Did they buy the list from you, of your members?

Mr. FISCHER. No.

Ms. JACKSON LEE. Okay.

Have you bought the list? Do you have the list that Clear had? I assume that is one of the assets you purchased?

Ms. TOWNLEY. Well, that will be part of the closing of the deal.

Ms. JACKSON LEE. Or is it the AAAE that has the database?

Ms. TOWNLEY. The list of Clear members is still an asset of the company, so we haven't gotten to that position yet. But it is an asset of the company.

Ms. JACKSON LEE. Right. It is something that you have purchased.

Ms. TOWNLEY. Right. That we would purchase, yes.

Ms. JACKSON LEE. Would purchase. So if they wanted their refund, or those that have lawsuits, let me get back again, you will address those questions.

Ms. TOWNLEY. Yes, we will. We will address that with a judge.

If I may also add, we will also ask each of them, even when we have their names and numbers and everything, we will ask them explicitly if they want to continue to participate in it, and if they don't then, you know, obviously we will destroy their data.

Ms. JACKSON LEE. You will refund—destroy their data and refund their money, or look at——

Ms. TOWNLEY. At the moment we are not buying that liability.

Ms. JACKSON LEE. Pardon me.

Ms. TOWNLEY. At the moment we are not buying that liability. That has to be decided with a judge, and we have a hearing to do that.

Ms. JACKSON LEE. I see. Who will run this new effort that you have?

Ms. TOWNLEY. It will be run by Kurtis Fechtmeyer and myself.

Ms. JACKSON LEE. That gentleman is—who is that?

Ms. TOWNLEY. Kurtis Fechtmeyer is my partner at Henry——

Ms. JACKSON LEE. So it will be your company?

Ms. TOWNLEY. Well, and with a group of investors.

Ms. JACKSON LEE. Okay. Again, let me respect the proprietary information, but are you bringing anyone to the table with expertise in the traveling public?

Ms. TOWNLEY. Yes. We have already have contracts with a number of the original Clear core team, so we have a very strong tech-

nology team, we have both an operations team from core, and we have additional new staff from the industry.

Ms. JACKSON LEE. Mr. Fischer, with FLO do you expect to be cooperating with this newly-reorganized company?

Mr. FISCHER. We do. We believe interoperability is the core of the success of the program.

Ms. JACKSON LEE. But you will be looking to secure more airports. How many did you have before?

Mr. FISCHER. We had one previously.

Ms. JACKSON LEE. What are you attempting to do at this point?

Mr. FISCHER. We have proposals out to 11 currently.

Ms. JACKSON LEE. Well, let me——

Mr. FISCHER. May I, for a second?

Ms. JACKSON LEE. You certainly may.

Mr. FISCHER. With regards to the privacy of the Clear data and the selling of the Clear data, the Clear privacy policy, which I was a member, which the committee has——

Ms. JACKSON LEE. The Clear, I am sorry——

Mr. FISCHER. Clear privacy policy when you sign up as a member of Clear, which the committee has a copy of, clearly states that the membership data can only be sold to another operating RT providing. In this case, we are the only operating RT provider, and in our view, probably challengeable in the courts, we are the only ones that can acquire that data.

Ms. TOWNLEY. We are going through the process to also be recognized as a registered RT provider. We started this process 2 months ago, so please forgive me if I am not as, you know, adept at some of these questions as my partner here.

Ms. JACKSON LEE. When do you——

Ms. TOWNLEY. We acknowledge that.

Ms. JACKSON LEE. When do you expect to be in status to acquire——

Ms. TOWNLEY. Well, we are moving very quickly and we have a very good and strong agreement with Morgan Stanley and our other investors, and it should happen very quickly. We assume that we will be up and running in airports this winter.

Ms. JACKSON LEE. Right.

But Mr. Fischer, what point are you making? That you are ready now?

Mr. FISCHER. We are ready now.

Ms. JACKSON LEE. Are you suggesting that you are being blocked from getting that data?

Mr. FISCHER. Absolutely not. Like I said earlier, we have a proposal in to Morgan Stanley that we submitted yesterday and having a further conversation this afternoon, so we may be able to buy that data, and I am saying there is a possibility we may. But the point is, nobody should be able to buy that data that not approved vendor, and right now there is no approval process by the TSA. They have hands off right now.

Ms. JACKSON LEE. But you are an existing approved vendor.

Mr. FISCHER. So according to the policy of Clear, we are the only ones that can buy that data. That is certainly challengeable in court.

Ms. JACKSON LEE. Let me just—to both of you, do you want the RT program to be a security program? Ms. Townley.

Ms. TOWNLEY. Yes.

Ms. JACKSON LEE. Mr. Fischer.

Mr. FISCHER. Absolutely.

Ms. JACKSON LEE. So you are looking for TSA to work through its concerns and provide the security benefit?

Mr. FISCHER. Yes, ma'am. But we will launch without the TSA.

Ms. JACKSON LEE. Well, you will just have the RT and——

Mr. FISCHER. Front-of-line customer experience, yes.

Ms. JACKSON LEE. Using the scheme that we have?

Mr. FISCHER. Correct.

Ms. TOWNLEY. But it won't be RT? Is that what you are saying?

Mr. FISCHER. No, we will use biometrics; we will continue under the arctic spec under the program that was in place before.

Ms. JACKSON LEE. Ms. Townley, you are not disadvantaged by the fact that you are just approaching this and putting your proposals together. We don't operate that way. We appreciate your being here for us and answering our questions to the best of your ability, as Mr. Fischer and Mr. McCormick.

You can imagine that you are leaving us with somewhat, however, of an empty plate. I cannot pretend to participate in business workings, but I would say to you that time is of the essence for whatever structure is to be achieved.

I know that there are representatives, though they are not on the panel as we speak, but there are representatives from TSA, and among the many issues that we have I would say to the note-takers and representatives from TSA that there needs to be an answer as to if not the benefit aspect, the posture that TSA is taking. I would ask that that response come to me, as Chairperson, and this committee in its entirety.

So I would expect that committee staff will be back in touch with TSA for us to get an understanding on the question raised. We have not heard from TSA.

I think what this hearing has demonstrated is that there is a great deal of confusion, and that we need a robust dialogue that includes Congress. We need to reanalyze, in the coming months, just what we wish to accomplish.

There are many Americans who believe in the RT program, and we are told by the traveling public that it is a viable program. Far be it from the Government to be interested in undermining what may be viable.

But I do believe there needs to be clarity, and I frankly know that all of you would acknowledge, so I will say it for you, you disappointed the traveling public during the summer months, and I am not sure how you will secure their confidence again, but I think it is important for the private sector to attempt to do that.

As a city that has a major airport, among many other cities, I am somewhat baffled by promises of large sums of money beyond revenue and beyond the traveling percentages. It is an enormously confusing structure.

I think, Ms. Townley, you will have to explain that business structure even as you are in court or out of court, in a manner away from this hearing room if that will help you, because if this

is going to be the same structure again, then we are fearful that we will again misrepresent to the traveling public.

So I am very grateful for your presence here today, and I do appreciate the interest of preserving this program. So you are complimented for being here and for helping us think through how we will reserve—or preserve, excuse me—the traveling program that many would like to have in the Registered Traveling program.

With that in mind and the Ranking Member having no further questions, and ready to move, let me thank all the Members for their testimony and let me likewise indicate that we may have further questions. Members of the subcommittee may have additional questions for you and we ask that you respond to the expeditiously in writing. As well, we hope that we will begin to have answers that we can utilize.

Recognizing that there are no further questions, this hearing is now adjourned.

[Whereupon, at 4:44 p.m., the subcommittee was adjourned.]

APPENDIX I

STATEMENT SUBMITTED FOR THE RECORD BY BEN C. BISHOP, CHIEF EXECUTIVE OFFICER, TRAVEL CARD SERVICES, LLC

SEPTEMBER 24, 2009

The Registered Traveler Program was established by the U.S. Transportation Security Administration ("TSA") under the Transportation Security Act of 2003. The Registered Traveler Program was designed to identify airline passengers who posed a minimal security risk, and then provide those passengers access to faster and simpler processing at airport security checkpoints. The TSA was responsible for setting the program's standards, compliance, and regulations. The private sector was and is responsible for enrollment, enrolled customer verification, and related services. Technical operability is the key to deploying a national interoperable Registered Traveler Program across multiple airports. The Registered Traveler Interoperable Consortium (RTIC) was formed at the inception of the Registered Traveler Program and makes specific technical recommendations on: System messaging, ensuring a chain of trust, optimizing the use of biometrics, leveraging Smart Cards, ensuring system security, protecting privacy, and ensuring cross-provider interoperability.

In July 2009 both Clear (Verified Identity Pass, Inc.) and Vigilant Solutions, LLC (PreferredTraveler) unexpectedly closed their Registered Traveler operations. The exit of Clear's Verified Identity Pass and Vigilant's Preferred Traveler card from the Registered Traveler Program has created what we believe to be a vacuum that has been created in airports across America. Currently, there has been a displacement of more that a quarter million Registered Traveler customers. As a result of the recent closure of Registered Traveler operations at the 21 airports, the National Business Travel Association (NBTA), the world's premier business travel and corporate meetings organization, has expressed disappointment, and has urged the Transportation Security Administration (TSA) and U.S. airlines to revitalize the Registered Traveler program to provide greater efficiency and security to business travelers, specifically "to keep the program alive and make certain it becomes a true risk-management tool for secure and efficient air travel."

The RT program: The technology, processes, and procedures that were developed, piloted and implemented in this first proven public/private endeavor of its kind was a success. Travel Card Services, LLC strongly believes that staying true to the approved and proven platform is critical for Service Providers, Airports, and the traveling public. Since there remain questions about TSA's continued involvement, DHS's oversight and potential for security benefits in the future, we would ask for your continued support in maintaining the implemented requirements for existing and future RT Service Providers. It is concerning to imagine what could happen without controls or oversight in place to protect the highly sensitive data collected and maintained.

Changes in how and what information is collected and the medium used, would go against many years of developing, with Government oversight and approval, the fine-tuning of the criteria required, the security measures put in place and the security of members, collected data; not to mention interoperability among providers and the real potential of additional benefits and venues for the platform. The RT program is more secure than Global Entry, where DHS continues to expand the risk-based international RT program. The spirit of the program is the same, a risk-based domestic Registered Traveler program as Congress mandated in the original Aviation & Transportation Security Act of 2001.

Travel Card Services, LLC was formed to fill this void and has developed its business plan to provide the Registered Traveler Program at airports. The program will continue to maintain and be answerable to all of the proven procedures, technology, and safeguards of the original program. Currently Travel Card Services, LLC and FLO Corp. are the only two approved RT Service Providers that are operable, cap-

italized, and have the proven technology to re-open the RT Platform in airports throughout America. TSA support and Congressional oversight will ensure that this needed program can be reinstituted and successful permanently!

We would therefore ask that TSA continue its support and oversight of the program that it helped create, at the very least that an arm of the Federal Government get involved and get behind this proven program that can without a shadow of a doubt, prove that you are who you say you are.

APPENDIX II

QUESTIONS FROM CHAIRWOMAN SHEILA JACKSON LEE OF TEXAS FOR MR. JOHN SAMMON, ASSISTANT ADMINISTRATOR, TRANSPORTATION SECTOR NETWORK MANAGEMENT, TRANSPORTATION SECURITY ADMINISTRATION

Question 1. What is TSA's role in the RT program?

Answer. Due to the completion of the Registered Traveler (RT) Interoperability Pilot on July 30, 2008, the formal transition of RT to a fully private-sector model, and completion of the year of Federally guaranteed interoperability announced at 73 Fed. Reg. 44275 (2008), the Transportation Security Administration no longer directly regulates the RT business model.

Section 567 of the Fiscal Year 2010 Department of Homeland Appropriations Act Conference Report states:

" . . . any company that collects and retains personal information directly from individuals who participated in the Registered Traveler program shall safeguard and dispose of such information in accordance with the requirements in: (1) The National Institute for Standards and Technology Special Publication 800–30, entitled 'Risk Management Guide for Information Technology Systems'; and (2) the National Institute for Standards and Technology Special Publication 800–53, Revision 3, entitled 'Recommended Security Controls for Federal Information Systems and Organizations'; (3) any supplemental standards established by the Assistant Secretary, Transportation Security Administration."

Such companies will be required to provide written certification to the TSA Assistant Secretary that such procedures are consistent with the minimum standards outlined in sections (1)–(3) above.

Question 2. If a firm, such as Clear or Flo, wants to restart, does it need permission from TSA? What is the process?

Answer. The Transportation Security Administration (TSA) currently does not need to approve any application to be a Registered Traveler (RT) service provider if the applicant's intent is to provide expedited security line services at airports. At present, all vendors are approved to participate as RT service providers provided that they enter into an agreement with an airport or air carrier.

Section 567 of the Fiscal Year 2010 Department of Homeland Appropriations Act Conference Report states:

" . . . any company that collects and retains personal information directly from individuals who participated in the Registered Traveler program shall safeguard and dispose of such information in accordance with the requirements in: (1) The National Institute for Standards and Technology Special Publication 800–30, entitled 'Risk Management Guide for Information Technology Systems'; and (2) the National Institute for Standards and Technology Special Publication 800–53, Revision 3, entitled 'Recommended Security Controls for Federal Information Systems and Organizations'; (3) any supplemental standards established by the Assistant Secretary, Transportation Security Administration."

Such companies will be required to provide written certification to the TSA Assistant Secretary that such procedures are consistent with the minimum standards outlined in sections (1)–(3) above.

Question 3. How did AAAE acquire the contract for the CIMS database? Was this a competitive process?

Answer. The American Association of Airport Executives (AAAE) was awarded as an Other Transaction Agreement (OTA) for the development, deployment, and maintenance of the Registered Traveler (RT) Central Information Management System (CIMS) database. This OTA was awarded on a single source basis due to AAAE's pre-existing infrastructure and relationships within the airports.

This decision was in accordance with the Section 528 of Pub. L. 109–90, the Department of Homeland Security Appropriations Act, fiscal year 2006, which states:

"The Secretary of Homeland Security shall utilize the Transportation Security Clearinghouse as the central identity management system for the deployment and operation of the Registered Traveler program and the Transportation Worker Identification Credential program for the purposes of collecting and aggregating biometric data necessary for background vetting; providing all associated record-keeping, customer service, and related functions; ensuring interoperability between different airports and vendors; and acting as a central activation, revocation, and transaction hub for participating airports, ports, and other points of presence."

Question 4. It seems that there are other, similar models available from which TSA can borrow to improve the RT program. Has TSA looked at the Global Entry program as a model for implementing a trusted passenger program?

Answer. The Transportation Security Administration (TSA) explored the feasibility of incorporating elements of the Customs and Border Protection's (CBP) Global Entry program to enhance Registered Traveler (RT).

Global Entry uses an automated kiosk to perform identity verification and other checks that meet the requirements for the passport control primary inspection performed at a U.S. port of entry. This function is substantially different from the security needs at TSA security checkpoints due to the differences in the nature of the threats that each is seeking to counter. Unlike passport control inspection, TSA must perform the physical screening of passengers and their carry-on baggage. Consequently, the Global Entry model has only limited applicability to the environment in which Registered Traveler would operate.

TSA will continue to coordinate with other components of the Department of Homeland Security on potential best practices to apply to an RT program. Part of this coordination includes the exchange of lessons learned, where applicable, with Global Entry and other trusted traveler programs. For example, the programs share information about the biometric technologies used to verify identity.

Question 5. Please explain TSA's roles and responsibilities in ensuring that service providers and AAAE properly manage participants' personally identifiable information.

Answer. During the pilot phases of Registered Traveler (RT), the Transportation Security Administration (TSA) developed documents and policies to safeguard RT customers' Personally Identifiable Information (PII) in a manner consistent with the Privacy Act requirements and the National Institute of Standards and Technology standards for information security. RT service providers (vendors), sponsoring entities (airports and airlines), and contracting partners (the American Association of Airport Executives (AAAE) as manager of the Central Information Management System (CIMS)) subscribed to these safeguards in order to participate in the pilots.

In the RT pilot, airports and airlines served as sponsoring entities for the vendors who offered RT services. TSA required the sponsoring airports and airlines to ensure the RT vendors' compliance with information security practices to protect RT customers from unauthorized use or disclosure of the customers' sensitive biographic, biometric, and other information. Via the Other Transaction Agreement (OTA), TSA required AAAE to meet specific requirements to safeguard PII, including complying with the Privacy Act and the Federal Information Security Management Act (FISMA), as well as completing recurrent privacy training and executing a non-disclosure agreement.

Question 6. Is there a process for easily transferring Clear customers to Flo, upon the request of customers?

Answer. Such a transaction would be a result of negotiations between two private sector companies. Consequently, Transportation Security Administration cannot comment on this activity.

Question 7. Will a reengineered Clear need to re-compete for the former Clear's airports?

Answer. The Transportation Security Administration does not have information concerning nor have responsibility for whether sponsoring airports or airlines may require any company operating under the "Clear" brand to renegotiate or re-compete to provide renewed services.

Question 8. Please comment on technology that TSA has recently looked at in terms of passenger checkpoint screening, particularly in terms of expedited screening of shoes, laptops, jackets worn on individuals, et cetera.

Answer. The Transportation Security Administration (TSA) is working with industry and other Government components to develop technologies for passenger checkpoint screening.

In the near-term, Advanced Technology (AT) X-ray systems will be deployed to checkpoint lanes and will be upgraded with enhanced capabilities. The upgrades are planned to include automated detection algorithms, multiplexing, and liquid threat detection capability in order to better screen laptops and liquids, as well as maintain or increase detection abilities.

TSA has piloted stand-alone shoe-scanning technology in the past, and its development remains a priority. Currently, TSA and the Department of Homeland Security's Science and Technology Directorate are collaborating with vendors to develop technology to meet this goal.

TSA continues to drive technology development and enhancements toward improving security and the passenger experience, while at the same time respecting privacy, safety, and health concerns.

Question 9. With TSA recently conducting more active oversight over the RT program, please describe what you have learned in meeting with service providers and other industry stakeholders. How has their input impacted TSA's decision-making with regard to the future of RT?

Answer. After Registered Traveler (RT) providers ceased operations and following the Transportation Security Administration's (TSA) efforts to ensure the security of personal information collected during the pilot, TSA has responded to inquiries from potential new RT vendors. TSA has stated that it does not need to approve applications for an RT service provider if the intent is simply to provide expedited security line services at airports. Instead, the sponsoring airport or airline would need to reach an agreement with the vendor to provide such services.

The future of RT as a potential security program continues to be reviewed within the Department. TSA remains open to receiving feedback and ideas from stakeholders.

Question 10. What does it mean for a service provider to be certified in this process? In your opinion, can any service provider that is certified commence operations at any willing airport? What about service providers that are not yet certified but wanting to do RT business; how does TSA interact with them?

Answer. At present, the Transportation Security Administration (TSA) does not need to approve any application to be a Registered Traveler (RT) service provider if the intent is to provide expedited security line services at airports. Instead, the sponsoring airport or airline would need to reach an agreement directly with the vendor to provide such services.

Given these current circumstances, the use of the concept of certification is not applicable. There are no certifications for this process.

QUESTIONS FROM CHAIRWOMAN SHEILA JACKSON LEE OF TEXAS FOR MR. CARTER MORRIS, SENIOR VICE PRESIDENT, TRANSPORTATION POLICY, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

Question 1. AAAE met with staff several times this summer to discuss the RT program. One briefing was held on August 5. At that time—nor in the days following—you did not notify us that TSA had instructed you to provide a plan for data deletion from CIMS the day before, August 4. Why did you not notify the subcommittee of this?

Answer. As was highlighted in the question, AAAE was notified verbally by TSA on August 4 that the agency would require the decommissioning of the CIMS. In the immediate aftermath of that notification, AAAE was intensely focused on assessing the association's options and determining its obligations to TSA as well as to RT service providers with whom AAAE had contractual arrangements regarding RT customer data. AAAE remained in contact with TSA following the August 4 verbal directive and suggested a number of modifications pertaining to the TSA-proposed notification and consultation period with service providers and other technical requirements.

The official notification from TSA directing AAAE to decommission the CIMS (attached to this document as requested below in question 3) did not follow until August 14. At that point, AAAE had developed a detailed decommissioning plan in recognition of the fact that TSA had clear legal authority to order the decommissioning of the CIMS. I had a conversation with subcommittee staffer Tom McDaniels on August 18 detailing where things were in the process at that point. I subsequently followed up with Mr. McDaniels via email and shared with him the decommissioning plan.

We greatly appreciate the subcommittee and full committee's successful efforts to this point to prevent the decommissioning of the CIMS and the elimination of important data.

Question 2. At the hearing, you mentioned a conversation with staff that included said notification weeks later. Who was included in this conversation?

Answer. I had a detailed phone conversation with Tom McDaniels on Tuesday, August 18. I followed up on the same date with an email to Mr. McDaniels sharing the CIMS decommissioning plan.

Question 3. Please provide the subcommittee with the letter TSA transmitted to you regarding the decommissioning of the CIMS database.

Answer. The TSA letter dated August 14 is attached.

U.S. Department of Homeland Security
Arlington, VA 22202

Transportation
Security
Administration

TSA-09-02-211

August 14, 2009

American Association of Airport Executives
601 Madison Street, Suite 400
Alexandria, VA 22314-1756

Attn: Mr. Carter Morris

Reference:
(1) Other Transactional Agreement # HSTS02-07-A-TTC306
(2) Federal Register Notice 73 FR 44275, RIN 1652-ZA12 Registered Traveler Interoperability Pilot Program, effective July 30, 2008
(3) TSA Letter 08-02-248 Notice of Changes to the Registered Traveler Program

Attachment:
(1) Document from Transportation Security Clearinghouse titled "Registered Traveler CIMS Decommissioning Process"

Subject: Decommissioning of the Registered Traveler (RT) Central Identity Management System (CIMS)

Mr. Morris:

In accordance with Reference (1), your firm is hereby directed to carry out the closeout procedures described in Section 11, 'Agreement Closeout of the agreement.

Additionally, your firm is also directed to execute the tasks outlined in Attachment (1) to decommission the RT CIMS system. Unless mutually agreed by TSA and AAAE, decommissioning of the RT CIMS system shall happen in accordance with the completion date milestones outlined in Attachment (1). The closeout and decommissioning activities described herein shall be executed by AAAE, at no cost to the Government.

As described in the Reference (1) OTA, Article III "Responsibilities of the Parties," TSA will conduct independent data validation during and after completion of the tasks outlined in Attachment (1), as determined to be necessary by TSA. TSA will schedule these data validation efforts with AAAE.

If you have any questions regarding this matter, please contact me at 571-227-1631 or susan.hong@dhs.gov . You may also contact Michelle Schmidt at 571-227-1584 or at michelle.schmidt@dhs.gov

Sincerely,

Susan Hong
Contracting Officer

Cc: Michelle Schmidt
Wanda Taylor-Lawson
Joseph Corrao
Richard Smith
Tom Cowley

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Question 4. How did AAAE acquire the contract for the CIMS database? Please provide the process and the opportunities to compete.

Answer. AAAE operated generally under an Other Transaction Agreement (OTA) with TSA that was signed in October 2006 and that expired in October 2008. The OTA defined AAAE's role in the RT program and specified the requirements that AAAE was compelled to comply with in that role. AAAE received no Federal funds for operation of the CIMS.

The CIMS system and AAAE's specific role in operating CIMS were defined and universally supported by all members of the Registered Traveler Interoperability Consortium (RTIC). As I mentioned in my written testimony, the RTIC was established in 2005 with a goal of establishing common business rules and technical standards to create a permanent, interoperable, and vendor-neutral RT program. In addition to nearly 60 airports, RT service providers and leading biometric and identity management companies were active participants in the consensus-driven RTIC process as was TSA, which played a critical role in establishing and ensuring compliance with stringent Federal security standards.

Throughout 2006, the RTIC worked aggressively to define, develop, and implement the RT program at interested airports. The group created the RTIC Technical Interoperability Specification, a detailed, 158-page technical standards document approved by the TSA that served as the technical requirements for the interoperable RT program that eventually grew to more than 20 airports prior to the recent cessation of the program. Again, the CIMS system and AAAE's specific role in operating CIMS were defined as part of that process and universally agreed to by RTIC participants. AAAE executed individual but transparent contracts with each approved RT service provider to adhere to the RTIC specifications and TSA security policies.

Question 5. Please explain the financial side of the arrangement among AAAE, service providers, and airports. In particular, please tell us how much money AAAE charges per customer for its clearinghouse services.

Answer. AAAE's financial involvement with the RT program is limited to the standard and transparent contracts negotiated with the service providers for CIMS services. The fees charged were $1.80 or $2.40 per initial enrollment, depending on whether or not the service provider chose "up-front" payment of certain development costs or annual volume based transaction fees. Those decisions were made by each individual service provider. These fees were charged to recover the costs incurred by AAAE to develop and maintain the system and were agreed to through the RTIC consensus process.

Question 6. Is AAAE supportive of a competitive process for awarding the clearinghouse services?

Answer. AAAE has worked over the course of the past 5 years with a broad-based group of airports and technology and service providers through the RTIC process to enable an interoperable system that provides little to no barrier to entry for RT service providers. Over that time, the there was intense discussion among the group about whether centralized services were necessary and if so how they would be provided. The consensus of the group, through a formal and documented process, was that a trusted third party must be used to operate centralized services necessary to enable the security, interoperability, and TSA vetting portions of the overall RT operations. AAAE agreed to provide those services with an understanding that contracts from the service providers would be established over a sufficient time frame to cover the expense of development and maintenance of such a system. The service providers put contracts in place with AAAE to develop CIMS, and AAAE met or exceeded all commitments made to the service providers. We believe that any future competitive process must take into account these standing, mutual commitments made among AAAE and industry to establish the RT program.

AAAE is proud of the CIMS and firmly believes that it holds tremendous value as part of RT or any future trusted traveler program. From a technical standpoint, the CIMS has proven itself invaluable, serving as the critical hub for facilitating interoperability among service providers and at airports across the country and for processing necessary checks and security controls. In its 3 years in operations, CIMS supported a system of four independent service providers at 22 airports with more than 250,000 actively enrolled participants. Whatever shape a future trusted traveler program may take, it is clear from our perspective that the CIMS can and should continue to play a central role in performing key functions in a way that balances the interests of airports, service providers, technology companies, TSA, and the traveling public.

Question 7. AAAE is a leading industry representative for airports. Do you think there is a conflict of interest in being a sole provider for RT clearinghouse services?

Answer. No. In fact, AAAE was given its role as the trusted third party for centralized services to ensure that the interests of all parties—airports, service providers, technology companies, TSA, and the traveling public—were balanced. AAAE's role ensures that no single entity has undue leverage over the program. Again, the role of AAAE with the CIMS was defined by and agreed to by all members of the RTIC in recognition of the value AAAE offered as a trusted third-party provider of services for the RT program. AAAE's CIMS system ensures that the needs of all participants are met and that the program is permanent, interoperable,

and vendor-neutral. Without a trusted centralized network, the complexity and cost of interoperability and security would prevent easy entry into the RT business by firms that are able and interested to provide the service, resulting in less competition and higher costs.

Question 8. What are your airport members saying to you in general about RT and the future of the RT program?

Answer. A number of airports have long seen the value in a trusted traveler concept and continue to see potential value in a future RT program, particularly as traffic—and lengthy checkpoint lines—inevitably return to airports across the country. From the local airport perspective, the program must offer adequate choice in potential service providers and sufficient flexibility to allow for the development of innovative solutions that cater to local needs. To meet those needs and gain widespread support from the airport community, it is clear that any future program must include several core elements, including security benefits, interoperability and an environment in which airports can choose from multiple RT service providers that meet TSA-established specifications and standards.

Question 9. What is the nature of AAAE's relationship with the various service providers since the cessation of operations at Clear? Have you been in contact with any service providers that wish to start RT operations?

Answer. Service providers have been in contact informally with AAAE since the cessation of operations by Clear. Several of the previously operational and new entrant service providers have expressed interest in commencing operations and are looking for AAAE support and the continued activity of the RTIC. To date, however, AAAE has received no formal requests for the resumption or commencement of operations from any RT service provider.

QUESTIONS FROM CHAIRWOMAN SHEILA JACKSON LEE OF TEXAS FOR MS. ALISON TOWNLEY, PRINCIPAL, HENRY INCORPORATED

Question 1. Please explain how the pending lawsuits against Clear's parent company will affect your restart at airports.

How will Clear settle claims from airports?

Question 2. Does your plan for Clear rely upon a security benefit from TSA?

Question 3. Have you consulted TSA on your plans? Please provide dates and topics.

Question 4. Explain your recent meetings with TSA and what direction or information you have received from the agency in accommodating your plans to re-start operations?

Question 5. As you know, the RT program greatly benefited from the fact that participating firms were interoperable. Now that the rule for interoperability lapsed this summer, what is your view on whether the program should be interoperable going forward?

Question 6. With the various stakeholders receiving portions of revenue, including airports, technical support vendors, and AAAE, can the new Clear make money?

Answer. Thank you for inviting me to testify before the Subcommittee on Transportation Security and Infrastructure Protection on the future of the Registered Traveler (RT) program. It was my pleasure to do so.

Again, we are gratified by your leadership on RT, as expressed not only through hearings like that of last month, but also through legislation like the strong RT provisions in H.R. 2200, the TSA Authorization Act.

As you know, we are optimistic about the future of RT. We are confident in our ability to build on the successes of Clear, while learning from its failures. It is worth remembering that Clear laid a great foundation. Clear had approximately 200,000 active customers when operations ceased, and approximately 30,000 more people had signed up for Clear but not yet completed the cumbersome in-person enrollment process. Even after the economic downturn had taken hold, Clear enjoyed renewal rates in excess of 80%. There was a reason that Clear lanes were used more than 3 million times—members liked the service.

In short, Clear was nearing profitability but had not yet achieved it, and Clear was ultimately unable to restructure its senior lender debt, which was essential to securing the new funding that was required to continue operations.

Henry Incorporated now has an agreement to restructure the debt; we have committed investors; and we have a new vision of how to: (i) Use technology to drive costs down, and (ii) address one of the biggest barriers to substantially greater membership—the multi-step enrollment process. You have asked whether our plan for Clear relies on a security benefit from TSA. The answer is no. You have also asked whether we believe the new Clear will be able to make money. The answer is yes. Our business plan calls for Clear to become profitable absent a TSA security

benefit. That being said, we do share Congress' belief that the RT program has the potential to be a powerful risk management tool, and we are eager to work with TSA on developing RT into a tool which will enhance aviation security by allowing TSA to appropriately expedite vetted members of the program, so that TSA can apply more of its resources to un-vetted travelers.

Henry Incorporated has spoken several times with representatives of DHS and TSA about how we envision the new Clear program operating and how we would like to work together with DHS and TSA going forward on the development of RT. The three primary discussions took place on August 20, September 18, and September 29 of this year. Other less formal calls have also taken place over the last 3 months, as well. What we have heard from DHS and TSA in our discussions about their view of the future of Registered Traveler was consistent with the following excerpt from Mr. Sammon's written testimony for the recent hearing:

"DHS will continue to encourage interested vendors to work directly with airports, airlines, and TSA to identify and implement worthwhile concepts that will provide registered travelers a benefit, while still maintaining both the level of security needed to ensure the safety of our transportation system, as well as the confidentiality of personally identifiable information. As with any transportation security program, TSA will maintain its regulatory oversight role for any such concepts adopted in the RT program."

We believe this is a promising basis on which to move forward. We were also gratified by Erroll Southers' recent testimony on RT before the Senate Commerce Committee. With respect to the proposed re-Iaunch of Clear itself, TSA has provided no specific feedback to this point.

You have asked how Henry Incorporated is dealing with the airports that were operated by Clear. We have had discussions with many of the existing Clear airports, and our plans to re-launch Clear at those airports have been almost universally well-received. As a general principal, we plan to pay Verified Identity Pass' arrears at airports where we re-launch Clear. The mechanisms of these relaunches will likely vary airport-by-airport. Because our discussions with those airports are on-going, I don't have details to provide right now, but I will do so as our discussions progress.

You have asked for our views on interoperability. We believe that competition in RT is healthy and that interoperability can facilitate healthy competition, provided that service providers negotiate appropriate usage fees with each other to prevent "free riding." Once TSA refines its views on how the technical and other standards of RT are to evolve, we look forward to pursuing interoperabiIity with other service providers.

Let me address, as well, how we are proposing to work with existing Clear customers, so many of whom are interested in joining a re-launched Clear program. We recognize the imperative to protect our members' personal identifiable information (PII). To that end, the PII of existing Clear members (including their biometrics) will only be transferred to the new Clear program after existing members have been given both advance notice of the proposed transfer and the opportunity to instead have their PII destroyed by Lockheed Martin's secure data storage facility (which is where Clear member PII is today, and was historically, stored).

In addition, all existing Clear members who choose to continue with the re-launched Clear program will be able to use—at no additional cost—the balance of the term of their membership that remained unused when Clear ceased operations in June. In other words, if a member had a year remaining on her membership when operations ceased, she will be able to use the new Clear service for a year at no charge before coming up for renewal. We will, of course, respect the decision of existing Clear members who choose not to continue with the re-launched program; by definition, they will not be moving from Verified Identity Pass to Henry Incorporated as part of the transaction, so any financial obligations to those existing members will remain with Verified Identity Pass.

You have asked how the pending class action litigation will impact the transaction between Verified Identity Pass and Henry Incorporated. There is a pending motion by the plaintiffs for a preliminary injunction to prevent Verified Identity Pass from transferring member PII. Verified Identity Pass has asserted that such an injunction is unwarranted, given that (as described above) no member PII can be transferred without the consent of the member. Although we are not a party to the litigation, this strikes as a sensible position. In any case, we will contact your staff after the first conference before the presiding judge (which is actually taking place this afternoon), if any additional information becomes available.

Please feel free to contact me at any time with any questions. In addition, Charles Simon is always available to you.

QUESTIONS FROM CHAIRWOMAN SHEILA JACKSON LEE OF TEXAS FOR MR. FRED FISCHER, PRINCIPAL AND MANAGING PARTNER, FLO CORPORATION

Question 1. Do you think AAAE plays an important role in the RT process?

Answer. Response was not received at the time of publication.

Question 2. Do you think AAAE should have a role in RT going forward?

Answer. Response was not received at the time of publication.

Question 3. What are the concerns of airport operators where you have made initial contact for restarting RT?

Answer. Response was not received at the time of publication.

QUESTION FROM CHAIRWOMAN SHEILA JACKSON LEE OF TEXAS FOR MR. MICHAEL W. MCCORMICK, EXECUTIVE DIRECTOR, NATIONAL BUSINESS TRAVEL ASSOCIATION

Question. Do you think the pricing structure for RT needs to be changed to accommodate business travelers? Is the annual fee amount a problem?

Answer. Prior to the discontinuation of services, the biggest obstacles of enrollment were the uncertainty of benefits offered by the Registered Traveler programs and the relatively limited number of locations travelers could use the program.

NBTA is supportive of the program expanding airport operations and have encouraged airports to make it a part of their operations. NBTA believes a solid network of lanes across the country would be positive factor impacting the business travelers' decisions to enroll.

In addition to a solid network, the value of the RT programs to travelers will increase dramatically if the security component is reinstated and background checks are resumed. As travelers were willing to pay for a dedicated lane, travelers are likely to pay for the conveniences of not removing one's shoes and keeping the computer in its bag.

Should these issues be positively addressed, it will be up to the providers to price the product so that the market will bear the costs and the service thrives.