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**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY**

”THE FUTURE OF THE REGISTERED TRAVELER PROGRAM”

WASHINGTON, D.C

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 past 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 US\$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, employee benefits, or information technology. In a study conducted in February of 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 SECURITY'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 preenroll, with his or her identity verified in passage. Updates of database information and other checks can ensure ongoing 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 online. 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 of 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 of 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 U.S., 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 U.S. 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, behavioral 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 of 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.