Risk-Stratified Multi-Objective Resource Allocation for Optimal Aviation Security

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Abstract: This study aims to establish a quantitative construct for enterprise risk assessment and optimal portfolio investment to achieve the best aviation security. We first analyze and model various aviation transportation risks and establish their interdependencies via a topological overlap network. Next, a multi-objective portfolio investment model is formulated to optimally allocate security measures. The portfolio risk model determines the best security capabilities and resource allocation under a given budget. The computational framework allows for marginal cost analysis which determines how best to invest any additional resources for the best overall risk protection and return on investment. Our analysis involves cascading and inter-dependency modeling of the multi-tier risk taxonomy and overlaying security measures. The model incorporates three objectives: (1) maximize the risk posture (ability to mitigate risks) in aviation security, (2) minimize the probability of false clears, and (3) maximize the probability of threat detection. This work presents the first comprehensive model that links all resources across the 440 federally funded airports in the United States. We experimented with several computational strategies including Dantzig-Wolfe decomposition, column generation, particle swarm optimization, and a greedy heuristic to solve the resulting intractable instances. Contrasting the current baseline performance to some of the near-optimal solutions obtained by our system, our solutions offer improved risk posture, lower false clear, and higher threat detection across all the airports, indicating a better risk enterprise strategy and decision process under our system. The risk assessment and optimal portfolio investment construct are generalizable and can be readily applied to other risk and security problems.

1 INTRODUCTION

In the aftermath of the September 11, 2001, terrorist attacks, the President of the United States signed the Aviation and Transportation Security Act into law requiring screening conducted by federal officials, 100 percent checked baggage screening, and expansion of the Federal Air Marshal Service and reinforced cockpit doors. The Transportation Security Administration (TSA) was subsequently created to oversee security in all modes of transportation. Specifically, a computer-assisted passenger pre-screening system, Computer-Assisted Passenger Pre-screening System (CAPPS) was developed to evaluate all passengers. The current generation, Secure Flight, is a risk-based passenger pre-screening program that matches passengers’ names against trusted traveler lists and watchlists and categorizes them as high or low-risk (Administration, n.d.). Based on information derived from both government and commercial databases, Secure Flight conducts risk assessments to determine which passengers might be eligible for TSA precheck screening or standard screening. The results also prevent potential
passengers on the No-Fly List and Centers for Disease Control and Prevention Do Not Board List from boarding an aircraft (Sadler, 2016).

Security constructs have been designed as multi-layered systems to incorporate several security measures for effective screening. Although numerous optimization models have been proposed for aviation security prior to 9/11, the first screening models were developed post 9/11. These models target checked baggage for high-risk passengers screened for explosives, selectee, and non-selectee screening, where the objectives determine how to deploy and use limited baggage screening devices optimally. Subsequently, multiple baggage security models were developed (McLay, 2011). Other models tackle how to match the limited security measures to the number of passengers who need to be screened (Poole & Passantino, 2003), where findings reveal that a risk-based system might be more effective than the system where all passengers and bags receive equal scrutiny.

Multilevel allocation criteria where every would-be passenger is assigned an assessed threat value, which quantifies the risk associated with the characteristics of the passenger was also explored (McLay, 2011). A similar approach considers how to allocate explosive-screening devices for checked baggage in multiple airports settings where passengers are divided into classes according to their perceived risk levels were also studied (Sewell et al., 2012). For device allocation, Sewell et al. modelled the inherent trade-off decision between using faster, more accurate, and expensive devices versus slower, less reliable, but less expensive devices, or some combination of the two. And Nie et al. modelled the fraction of passengers who are assigned to threat class and the staffing needs at each check station within each screening group.

Stewart and Mueller (Stewart & Mueller, 2017) are the only publication/s that include all security measures, though no mathematical analyses and tradeoffs have been performed. There exists no mathematical models developed that integrate all screenings (Checked baggage, Carry-on baggage, and Passenger) into a comprehensive risk-based system.

In this paper, we integrate passenger, baggage, and cargo screening operations to model complex airport security paths. The work adds new contributions towards the Department of Homeland Security (DHS)’s on-going risk enterprise management (ERM) efforts and its desire to implement an all-encompassing model. This new system allows TSA to perform risk-aware decisions to better allocate new resources to benefit overall aviation security. It maximizes the policymakers’ ability to protect against risks and helps organizations to utilize their resources in a smart way to achieve their organizational and strategic objectives.

2 METHODS AND DESIGN

Contribution: In this study, we establish a comprehensive enterprise risk management-based resource allocation model that expands upon previous research and combines all models and security measures into a single multi-objective portfolio investment optimization model framework. We also introduce the concept of “Risk Posture” to measure the TSA’s resilience and capabilities against any potential risks. By integrating various aviation transportation risks and modeling their interdependencies, the ERM-based model provides a robust framework for allocating security measures efficiently across the U.S. aviation sector. The biggest knowledge gap in previous research is that any type of optimization model concerning enterprise risk management was performed only at an operational level. This work represents the first model that encompasses a full multi-tier enterprise risk management approach across strategic, tactical, and operational levels. It is also the first model to establish and focus in depth on risk posture. The security measure and device allocation problem, combined with a passenger risk assessment policy, can be used to structure a risk-based screening strategy to use limited screening resources effectively. The model is generalizable and can accommodate additional / different measures, new technology, or new airport setup.

2.1 Risk Quantification

The Department of Homeland Security defines risk as “the potential for an unwanted outcome resulting from an incident, event, or occurrence, as determined by its likelihood and the associated consequences” (Council, 2010). By incorporating enterprise risk management into its strategy, TSA can use a consistent analytic framework to balance risk and cost on a common basis across the enterprise (Minsky, 2013). Risk assessments must be connected to goals and activities within a risk taxonomy to give purpose and measurement of effectiveness. Only by quantifying risks and tolerances upfront and using a common framework can the allocation of resources be applied to the methods that manage them effectively.
We will apply network topology to quantify and correlate risks. The topological overlap matrix (TOM) is a similarity measure for biological networks. TOM was first introduced to analyze metabolic networks with distinct organisms that are organized into connected topological modules that combine in a hierarchical manner (Ravasz, 2002). The generalized topological overlap measure (GTOM) introduces a general class of node dissimilarity measures. It can be used to identify network modules (sets of tightly connected nodes) (Yip, 2007), or define novel measures of node connectivity. These GTOM-based connectivity measures go beyond the usual nodal degree (number of connections) by considering higher-order connections. They are useful in the context of gene co-expression network analysis.

A topological representation of the TSA risk factors became a natural fit. GTOM provides a means to detail the interdependencies and hierarchy for a correlated risk network that operates without quantitative values. The resulting risk expressions will then be integrated into an objective function within the portfolio optimization problem.

### 2.1.1 Risk Correlation

Risk correlation influences the overall risk of projects within an organization. Developing the interdependencies in enterprise risk for TSA is an intricate process. It requires an understanding of the TSA enterprise, their risk appetite, and the associated risks. Although TSA is a governmental organization that does not ascribe to a capitalist set of objectives, ERM is still a very critical tool for the organization to implement. We proceed by reviewing all current TSA enterprise risks, tracking their associated risk appetites, and then defining interdependence relationships between all the risk factors. Due to sensitivity issues, we use generic names to discuss the evolution of a risk interdependency mapping for TSA, without naming the precise risk terminologies.

Let $A = [A_{ij}]$ be a symmetric adjacency matrix with entries in $[0,1]$. For an unweighted network, the entries take on binary values of 0 or 1 depending on whether the two nodes are adjacent (connected). A more complex network might depend on the degree of interaction between nodes. The matrix is then normalized such that the diagonals are equal to 1. The off diagonals are scaled values, thereby extending the adjacency matrix from the binary case to values in the range of $[0,1]$. In a hierarchical network, nodes can be connected by links carrying a weight $w_{ij}$. The weighted degree of node $i$ is defined as: $w_i = \sum_{j=1, j\neq i}^{n} w_{ij}$.

The original TOM does not account for the presence of weights $O_{ij} = \frac{|\min(N_i \cap N_j) + A_{ij}|}{\sum_{k,l} |\min(N_k \cap N_l)| + |A_{kl}|}$.

The presence of weights can be accounted for by replacing the unweighted adjacency matrix with the normalized coupling matrix $(J_{ij}/J_{\text{max}})$: $O_{ij} = \frac{1}{J_{\text{max}}} \times \sum_{k,l} I_{kl} \times |w_{ij}/J_{\text{max}}|$. If $O_{ij} = 1$ then the node with fewer connections satisfies the conditions that all its neighbors are also neighbors of the other node, and it is connected to the other node. Alternatively, $O_{ij} = 0$ if $i$ and $j$ are unconnected and the two nodes do not share any neighbors.

#### Table 1: The Weighted Topological Overlap Matrix for 17 TSA-identified enterprise risk factors

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TSA employs a system of interconnected security layers to deter, detect, and prevent the exploitation of commercial aviation by terrorists. Figure 1 shows an example of layers of U.S. aviation security (Kean et al., 2004). The analysis herein incorporates all current and newly tested measures but is not a comprehensive list of security measures employed. Each security measure has an interdependent relationship with the enterprise risk factors identified by TSA risk management leaders. Table 2 shows a security measure assignment (SMA) matrix that shows the direct relationships between 26 security measures against the 17 TSA-identified enterprise risk factors. The assignment matrix allows us to relate the risk taxonomy to the security measures put in place. Depending on the security measure, a failure to detect a threat could impact multiple risk elements of the taxonomy.
2.1.2 Risk Posture

We introduce the term “Risk Posture” to describe the overall readiness to take risks, which is an accurate description of TSA’s strategy to always be prepared. We develop a method to calculate the risk posture evaluation metric as a means to integrate the risk factors and security measures that are put in place by TSA. Our goal is to maximize the overall risk posture. This allows us to utilize the probability of detection versus the probability of attack. While the exact values for the probability of detection are unknown, there are estimated values of the conditional probability of detection for device type \( d \) given a particular type of threat, \( p_d \) \( \forall d \in D \), that are derived from manufacturer capability tests.

The risk posture is calculated by multiplying the adjusted risk values by the selected security measures, as summarized below:

- Risk Impact Values (RIV) = TOM*SMA
- Adjusted Risk Values (ARV) = \( p_d \times RIV_d \)
- Risk Posture = \( \sum_{d=1}^{D} x_d \times ARV_d \) (OBJ1)

2.2 Data Collection and Inclusion

In the context of the type of passenger prescreening system exemplified by Secure Flight, we want to determine an optimal allocation of threat detection devices and measures for screening checked baggage, carry-on baggage, and passengers across a set of airports so as to maximize the risk posture, maximize the number of threats to be detected, and minimize the overall false clear rate while considering passenger threat classification. We impose constraints on time available at each check station, flow capacity at security stations, budget, as well as staffing needs at each check station.

At airports, all passengers and items pass through various check stations, with each outfitted with several security measures for threat detection. It is standard practice that all passengers and items are subjected to a series of screenings at mandatory check-ins. For example, document verification, walk through metal detectors/body scanners, baggage scanners, etc. After inspection of a passenger/item, the screening measure or personnel will give a clear signal (No Threat) or an alarm signal (Threat). There are four types of alarms, and while all four are critically important, the two alarms that we are most concerned with are true alarms and false clears. True alarms correctly detect existing threats, and false alarms give an alarm when no threat exists.

False alarm and false clear probabilities are performance measures for the screening system. Higher performance means lower values of these probabilities. False alarms increase inspection delays and mean that the system is not as reliable as we hope, while false clears can be potentially fatal for allowing threats to go undetected.

Risk-based security paradigms classify passengers into different security classes based on the perceived risk of each passenger, where the passengers and their checked and carry-on baggage are screened using pre-specified combinations of detection devices (e.g., magnetometer, x-ray machine) and procedures (e.g., hand search, pat-down). Within each security class, a passenger or bag may undergo screening from multiple devices or procedures. A passenger or bag clears the security...
checkpoint only if all devices and procedures used in this class detect no threat. If a threat is detected or if reasonable suspicion of a threat arises, then the passenger or bag undergoes additional screening, usually through a more threat-specific, time-consuming process. The use of devices as part of the security operations endures costs associated with installing, operating, and maintaining the devices. The preponderance of costs associated with screening procedures is associated with employing personnel and implementing these procedures. The fixed costs are associated with installing devices and maintaining the devices for screening procedures. The costs associated with operating the devices are based on the expected life and time in the operation of each device, while the implementation costs of screening procedures are based on the employee compensation of security personnel. In addition to these cost restrictions, each device is manufactured to provide a maximum throughput capacity. Thus, the expected number of passengers in each security class aids in determining the capacity requirements for deploying existing and new detection devices at each airport.

These decisions are highly influenced by resource constraints, including cost, personnel, and space availability; hence the decision as to the type and number of devices and procedures to use for screening high-risk and low-risk passengers to maximize the total security (probability of threat detection) can be very challenging. This is especially so when considering a limited number of devices available to deploy across a set of airports, each with its own individual resource constraints.

2.3 Multi-Objective Mixed Integer Program Portfolio Investment Model

Several assumptions are made when formulating our mathematical model for this problem.

- A passenger pre-screening system (Secure Flight) is used in a risk-based security screening approach to quantify the perceived risk of each passenger.
- The resulting threat assessment is viewed as an accurate representation of the passenger’s true risk to the air transportation system, based on intelligence gathered by the TSA pertaining to prior travel history, origin and destination itinerary, ticket purchase method, current behavioral attributes, and other security-sensitive information.
- The detection devices used to screen passengers and their baggage operate independently of one another, such that the use of one type of device does not affect the cost or threat detection performance associated with any other device under consideration.
- There is no cost associated with removing existing devices from an airport security checkpoint.

In the context of the type of passenger prescreening system exemplified by Secure Flight, we want to determine an optimal allocation of threat detection devices and measures for screening checked baggage, carry-on baggage, and passengers across a set of airports so as to (1) maximize risk posture, (2) minimize the overall false clear rate, and (3) maximize the number of threats to be detected while considering passenger threat classification. We impose constraints on time available at each check station, flow capacity at security stations, local and overall budget, as well as staffing needs at each check station.

The parameters and decision variables used in the model are summarized as follows.

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<td>Number of passengers (body) per hour screened in class c at airport k</td>
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<td>Maximum throughput (passengers or bags/hour) within screening group j</td>
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<td>Number of existing devices of security measure type d at airport k</td>
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<td>Fixed Cost ($/device) associated with device type d</td>
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<td>The capacity of device d at airport k</td>
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<td>Installation cost ($/device) associated with device type d</td>
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<td>Operating cost ($/device) associated with device type d</td>
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<td>Conditional probability of detecting a threat given there is a threat for device type d</td>
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<td>Probability of a passenger belonging to passenger</td>
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</table>
class c

\[ \alpha_c \]  

The conditional probability that passenger carries a threat given they belong to class c carries a threat

\[ \beta_{ic} \]  

The conditional probability that there is a threat in screening group j given a class c

\[ q_d \]  

Conditional probability of clearing a non-threat item given there is no threat for device type d

\[ T \beta_k \]  

Total hourly budget ($) available at airport k

\[ t_d \]  

Time taken to check one passenger or bag at device d

\[ U_d \]  

Number of device type d available for installation

\[ z_d \]  

Time multiplier to verify any alarm at any device

**Decision Variables Description**

\[ x_{cdk} \]  

Binary variable where \( x_{cdk} = 1 \) (0), if security measure type d is (not), used to screen class c passenger at airport k

\[ y_{dk} \]  

Number of security measure type d to be used at airport k (integer)

\[ s_{dk} \]  

Number of security measure type d to be installed at airport k (integer)

The number of devices of type d to be installed at each airport, \( s_{dk} \) , Equation (M1), is found by subtracting the number of devices of type d currently existing from the number of devices of type d used in total at each airport.

\[ s_{dk} = y_{dk} - E_{dk} \]  

(Device Installation Constraint)  

provided \( y_{dk} \geq E_{dk} \) (and 0 otherwise), for \( d = 1,2, ..., D \) and \( k = 1,2, ..., T \).

Using the notation provided, the installation, operating, and total fixed costs at each airport k can be found such that the combined installation, operating, and fixed costs satisfy the total hourly budget, \( T \beta_k \), for airport k = 1,2,...,T.

For discussion, let \{B, G, H', H\} denote the four screening groups: checked bag, carry-on bag, passenger ID check, and passenger screening, respectively. In what follows, we use checked bag, group B, as an example.

We next consider the number of new devices (for each screening group) to be installed at each airport, \( y_{dk(j)} \). Equation (M2). This relies on the capacity performance of the screening devices, captured by the number of checked bags (screening group B) each device type can handle per hour, \( C_d \), and the number of bags screened in each class within a particular airport, \( B_{dk} \). Dividing the hourly rate of bags screened in class c at airport k by the maximum throughput of device type d yields the number of security devices of type d = 1,2, ..., D necessary to screen all checked bags using this particular device,
Here, Constraint (M4) ensures that the false alarm probability is within the upper bound, $\delta$, set by the appropriate security authority. Constraints (M5) – (M8) guarantee that checking of baggage or passengers at each screening group is completed within the allotted time.

Both false alarms and false clears at airport screening can pose significant challenges and risks, but they have different implications. While false alarms take up unnecessary resources, slow down airport operations, and lead to delays, inconvenience and stress for travellers, false clears typically are considered more serious as they can potentially allow dangerous items or individuals to bypass security measures, compromising safety. Our model emphasizes on maximizing safety. The objective function, Equation (OBJ2), describes the probability of false clear across each airport.

$$\sum_{c=1}^{M_k} c_{d,c} \sum_{j=1}^{J_c} \beta_{ij} \prod_{d \in D(j)} (1 - p_d)x_{cdk} \quad \forall k \in T$$ \hspace{1cm} (OBJ2)

Equation (M9) formulates the probability of detecting a threat within security class $c$ at airport $k$, $L_{ck}$, and is calculated as the probability that at least one of the device types used in that class detects the threat correctly.

$$L_{ck(j)} = 1 - \prod_{d \in D(j)} (1 - P_d)x_{cdk} \quad \forall c = 1, 2, \ldots, M_k, k = 1, 2, \ldots, T, j \in \{B, G, H', H\}$$ \hspace{1cm} (M9)

The risk level of each class, $R_{ck}$, is defined as the average perceived risk value of the passengers in security class $c$ at airport $k$ times the rate of baggage / passenger screened within that class. This value is normalized between zero and one by dividing over the total risk associated with all security classes within airport $k$, as shown in Equation (M10):

$$R_{ck(B)} = \frac{A_{ck}B_{ck}}{\sum_{c'=1}^{M_k} A_{c'k}B_{c'k}}$$ \hspace{1cm} (M10)

The risk level of each security class relies heavily on the assumption that the prescreening system provides an accurate estimation of risk perception of the passenger population.

The threat detection objective function for the allocation model is obtained by weighting each airport by the rate at which passengers/checked bags/carry-on bags must be screened at that airport and the risk level associated with screening these groups using either new or existing detection devices. Using Equations (M9) and (M10), the objective function value at each airport for checked bag screening is defined as the expected number of detected threats in Equation (M11),

$$SL_{k(B)} = \sum_{c=1}^{M_k} L_{ck(B)}B_{ck}R_{ck(B)}$$ \hspace{1cm} (M11)

By summing over all the screening groups and airports under consideration, the total security level captures the expected total number of detected threats, as given by Equation (OBJ3):

$$\sum_{k=1}^{T} SL_k = \sum_{k=1}^{T} \sum_{j} SL_{k(j)} = \sum_{k=1}^{T} \sum_{c=1}^{M_k} L_{ck(j)}B_{ck}R_{ck(B)}$$ \hspace{1cm} (OBJ3)

Combining the three objectives Equations (OBJ1), (OBJ2), and (OBJ3), the security measure allocation problem for multiple airports can be formulated as a nonlinear multi-objective integer program.

**Nonlinear Multi-Objective Portfolio Optimization for Security Measures Allocation**

Maximize

$$\sum_{c=1}^{M_k} \sum_{d=1}^{D} x_{cdk}p_d \times RIV_d \quad k = 1, 2, \ldots, T$$ \hspace{1cm} (OBJ1)

Subject to

$$s_{dk} \geq y_{dk} - E_{dk}, \quad d = 1, 2, \ldots, D, \quad k = 1, 2, \ldots, T$$ \hspace{1cm} (M1)

$$y_{dk} = \sum_{c=1}^{M_k} j_{ck}x_{cdk}/C_d, \quad d = 1, 2, \ldots, D(j), \quad j \in \{B, G, H', H\}, \quad k = 1, 2, \ldots, T$$ \hspace{1cm} (M2)

$$\sum_{k=1}^{T} s_{dk} \leq U_d \quad d = 1, 2, \ldots, D.$$ \hspace{1cm} (M3)

$$\sum_{c=1}^{M_k} (1 - \alpha_c)c_{d,c} \sum_{j} \left( 1 - \prod_{d \in D(j)} q_d x_{cdk} \right) \leq \delta \quad k = 1, 2, \ldots, T$$ \hspace{1cm} (M4)
Risk-Stratified Multi-Objective Resource Allocation for Optimal Aviation Security

111

has 461,373,440 binary and integer decision variables and 466 constraints.

We apply sensible and knowledge-based preprocessing to reduce the number of decision variables to 128,480,000. Decomposition increases the number of decision variables, but drastically decreases the number of constraints, hence reducing the size of the Simplex basis. However, the model remains intractable. We derive fast heuristics to obtain near-optimal solutions that offer the best set of security measures (with respect to the objectives) for each airport.

2.4.1 Optimization Strategies

Numerous studies have been conducted to compare and contrast various optimization approaches for solving multi-objective models. Sawik provides a comprehensive analysis of weighting, lexicographic, and reference point approaches to multi-objective portfolio optimization (Sawik, 2011). A hierarchical or lexicographic approach assigns a priority to each objective and optimizes the objectives in decreasing priority order. At each step, the best solution is found for the current objective, but only from the solutions that do not degrade the solution quality for higher-priority objectives. Lexicographic optimization generates efficient solutions by sequential optimization of the objectives. For our implementation, we normalize the three objectives into comparable values and weigh them equally for unbiased analyses.

Multi-Swarm Particle Swarm Optimization

Particle swarm optimization (PSO) is a fast heuristics that works by having a population of candidate solutions (particles) and moving the particles around in the search space based on the particles’ position and velocity.

The PSO is initialized with a group of random particles (mixed-integer variable solutions). The algorithm searches for optima by updating the generations of particles. In each iteration, the particles are updated by two “best” values. First, the algorithm records the best solution (fitness, objective function value) achieved by the particle thus far. The objective value is stored as \( p_{\text{best}} \). Second, the algorithm also records the best value obtained thus far by any particle in the population, known as the global best and stored as \( g_{\text{best}} \). When a particle takes part of the population as its topological neighbors, the best value is a local best and is denoted by \( l_{\text{best}} \). The formulation of the swarm is determined by the specific problem, and in this study, each particle represents a complete

\[
\sum_{c=1}^{M_k} \sum_{d \in D(j)} \sum_{k} \gamma_{dk} c_{p} \left( p_d \left( \sum_{c=1}^{M_k} \beta_{jc} \alpha_{c} c_{p} + \left(1 - q_d \right) \sum_{c=1}^{M_k} \left(1 - \alpha_{c} \right) c_{p} \right) \right) \times \left( 1 + z_d \right) \text{subject to (M5) - (M8)}
\]

\[
\sum_{d=1}^{D} \left( y_{dk} F_d + s_{dk} I_d \right) + \sum_{c=1}^{M_k} \sum_{d=1}^{D} \sum_{k} \gamma_{dk} c_{p} \left( 1 + z_d \right) \leq T B_{k'} \text{ (M12)}
\]

Constraint (M1) is the device installation constraint, and Constraint (M2) reflects the resource capacity based on the screening rates for each of the four screening groups. Constraint (M3) models the overall resource availability. Constraint (M4) ensures that the false alarm probability is within an upper bound, \( \delta \), set by the appropriate security authority. Constraints (M5) - (M8) guarantee that screening for each group at each station is completed within the allotted time. Constraint (M12) describes the budget at each airport.

The resulting integer program is nonlinear due to the product of the \( x_{cdk} \) decision variables contained in the false alarm constraint in (M4), and in the threat detection term, \( L_{ck} \), in (M9). Constraint (M3) effectively ties together the decision variables across all airports, potentially impacting the ability to decouple the problem and solve for each individual airport.

2.4 Computational Challenges

Computationally, the formulated nonlinear MIP instance (with 45,760 decision variables and 35,666 constraints) is intractable by existing commercial or research solvers. To linearize the risk structures, a decomposition is necessary. Dantzig-Wolfe decomposition can be applied to reduce the original decision variables to a single composite binary decision variable representing whether or not a specific security measure combination for the threat classes at airport \( k \) is applied. This changes the problem structure and looks at a full enumerated security measure combination list for all 440 airports. There are 1,048,576 possible security measure combinations for two classes of passengers and 26 security measures. The resulting decomposed model

We apply sensible and knowledge-based preprocessing to reduce the number of decision variables to 128,480,000. Decomposition increases the number of decision variables, but drastically decreases the number of constraints, hence reducing the size of the Simplex basis. However, the model remains intractable. We derive fast heuristics to obtain near-optimal solutions that offer the best set of security measures (with respect to the objectives) for each airport.
set of portfolio (a set of security measures) selected for all the airports. Therefore, each particle of a swarm (denoted by index \( i \)) must include the decision variables \( r_{ijk} = 1(0) \) denoting if security measure combination portfolio \( j \) is (not) selected for airport \( k \), and \( z_{idk} \in Z^+ \) denoting the quantity of each security measure assigned to airport \( k \).

After finding the two best values, the particle updates its velocity and position according to Equations (P1) to (P3). Here \( \omega_1 \) and \( \omega_2 \) denote uniform random numbers between 0 and 1. \( i \) denotes the iteration number while \( v_{z_{idk}}^t \) denotes the velocity of variable \( z \) within particle \( i \), and \( r_{ijk}^t \) denotes the velocity of variable \( r \) within particle \( i \). \( v_{z_{idk}}^t \) will be updated if security measure \( d \) is selected by the portfolio of security measures within particle \( i \) at iteration \( t+1 \). Thus, particle \( i \) moves at iteration \( t+1 \) as follows:

\[
v_{r_{ijk}}^{t+1} = v_{r_{ijk}}^t + c_1 \omega_1 (r_{jbest} - r_{ijk}^t) + c_2 \omega_2 (r_{jbest} - r_{ijk}^t) \quad (P1)
\]

\[
r_{pi}^{t+1} = \text{round} \left( \frac{1}{1 + e^{-\alpha}} \right), \text{where } \theta = r_{ijk}^t + v_{r_{ijk}}^{t+1} \text{ and } \alpha \text{ is set to 0.06} \quad (P2)
\]

\[
v_{z_{idk}}^{t+1} = v_{z_{idk}}^t + c_1 \omega_1 (z_{jbest} - z_{idk}^t) + c_2 \omega_2 (z_{jbest} - z_{idk}^{t+1}) \text{ if } r_{ijk}^{t+1} = 1 \quad (P3)
\]

For a given particle, if the velocity on the dimension \( r_{ijk} \) is zero, this particle will not move in that dimension at iteration \( t+1 \). Suppose \( v_{r_{ijk}}^t = 0 \) and \( r_{ijk}^t = 0 \), hence \( 1/(1 + e^0) = 0.5 \) and \( \text{round}(0.5) = 1 \), which means that particle \( i \) will move in dimension \( r_i \) \( (r_{pi}^{t+1} = 1) \) at iteration \( t+1 \). To avoid such an unwanted move, we can use \( \alpha \), as seen in Equation (P2).

The search terminates when stop criteria are satisfied: when the maximum number of iterations has been reached, or the minimum error condition is satisfied. An advantage of PSO is that not many parameters require tuning. The number of particles (solutions to record) is in the range of 20 to 40; while difficult problems may require 100 – 200. In our instances, the dimension of the particles (dimension of solution set) is prohibitively large, requiring us to keep the number of particles to a minimum size. The range of particles is determined by the upper and lower bounds of the decision variables. \( v_{\max} \) determines the maximum change one particle can take during one iteration. We require two \( v_{\max} \) due to the presence of both binary and integer variables.

The multi-swarm PSO (MSPSO) modification is a more recent popular approach (Pluhacek, 2016). In the multi-swarm approach, the population is divided into multiple sub-populations (sub-swarms) with different levels of communication. The benefit of this approach is that the population can maintain diversity, search for multiple promising regions, and partially converge to multiple optima. In (Garcia-Nieto and Alba, 2012), the optimal swarm (sub-swarm) size is discussed in great detail. It is proposed that six particles per swarm might be the optimal number for PSO-based algorithms. Pluhacek demonstrates that the multi-swarm performance was superior to the single swarm PSO in all cases (Pluhacek, 2016). We decide to utilize a multi-swarm PSO, with five sub-swarms, and varying particle sizes from 5 to 10 particles per swarm. The control parameters are set as follows:

- Population Size: \{5,6,7,8,9,10\}
- Iterations: 5
- \( v_{\\text{initial}} \): 10% of the position
- \( w_{\\text{max}} \): 0.9
- \( w_{\\text{min}} \): 0.4
- \( c_1, c_2 = 1.49445 \) (learning factors)

The multi-swarm PSO is based on the local version of PSO with a new neighborhood topology. Many existing evolutionary algorithms require large populations, while PSO needs a comparatively smaller population size. A population with three to five particles can achieve satisfactory results for simple problems. According to many reported results, PSO with small neighborhoods performs better on complex problems. Hence, to slow down convergence speed and increase diversity to achieve better results on multimodal problems, in the MSPSO, small neighborhoods are used. The population is divided into small-sized swarms. Each sub-swarm uses its own members to search for better regions in the search space.

The multi-swarm optimization algorithm works as follows:

**Input:** MOP (1)

Swarm_size: number of the swarm particles
No_subswarms: number of subswarms

**Step 1:** Calculate Subswarm size

Swarm_size/No_subswarms

**Step 2:** For subswarm = 1 to No_subswarms do

For t=1 to Max_iterations do

Apply PSO algorithm
Update leaders archive
Update external archive

End For

Return final result in the external archive
Append the result to the results file

End For
Ad-Hoc Heuristics Approaches

For comparison, we apply column generation and additional solutions techniques to contrast solution speed and quality. To expedite the column generation method, we consider breaking apart the domain to accommodate a large number of options. This separation inspires two heuristics briefly described below.

**Heuristic 1:** The full set of portfolio options are randomized, and broken into buckets of 250 combinations each. The associated set is optimized across all 440 airports. This allows for rapid solution time as we can massively run all these column generation subproblems. Not all fidelity is lost since we maintain all 440 airports in each subproblem and keep quantity assignment variables intact.

**Heuristic 2:** Portfolios are again randomized and separated into buckets, and this time, along with the airports as well. Each subproblem then represents a subset of both the airports and the possible portfolio combinations.

In both randomized heuristics, optimization is performed at every iteration. The selected combinations (not the quantities of security measures) are placed into a pool of optimal combinations. The pool of portfolios is then used in a final optimization to construct a complete solution.

### 3 COMPUTATIONAL ANALYSES

#### 3.1 Data for Modeling

Data were collected from aviation articles that presented strong models (McLay et al., 2006; Nie et al., 2009; Poole & Passantino, 2003; Sewell et al., 2012, 2013; Virta et al., 2003). With the assistance of our TSA collaborators, the fixed and installation costs are determined through the expected useful life of the device and on the amount of time the device would spend in operation over one year. These values reflect the yearly cost (in US dollars) divided by the total number of hours spent in operation over the year, based on a peak 6 hours of operation per day, per device.

Passengers are assigned to a two-class system based on perceived risk information generated through the Secure Flight prescreening system. This classifies passengers as being either high-risk or low-risk, where the majority of passengers constitute the latter group. In the computational analysis reported herein, 85% of passengers are deemed low-risk and assigned to Class 1, while the remaining 15% of passengers are assigned to the high risk security Class 2.

The total number of passenger enplanements reflects the actual enplanement data from 2016-2019 collected from faa.gov (Transportation, n.d.). The hourly airport budget is based on an estimated annual budget value to be distributed across all airports. Individual airport budgets are simply distributed based on the proportion of passengers with a set minimum value. The total number of passengers screened per hour at an airport is based on the average airport being operational 365 days a year and having 16 regular working hours per day. The operating cost of each security screening device or method is based on the annual operating cost of that device/method divided by the average hourly passenger screening rate. The maximum and minimum hourly screening rates per device are pulled from actual manufacturer device specifications. Lastly, the perceived risk values are generated from a normal distribution with mean 0.26 and standard deviation 0.12 for the low-risk passengers assigned to Class 1, and with mean 0.55 and standard deviation 0.12 for the high-risk passengers assigned to Class 2.

Combinations of all possible subsets of device types are generated for evaluation. The combinations of the security measures are grouped by screening group and are estimated by assuming which security measures should always be constant and which are optional. For example, as seen in Table 3 below, for the checked baggage screening, it was assumed that all checked bags are screened by a CT scanner with additional screening performed by hand search. Therefore, all combinations must have both methods employed. Canine units and Explosive Trace Detection are both treated as secondary screening measures since they are not typically a primary line of defense at any airport, and there is no way to provide support to all airports. Based on this information, there are then four possible combinations of checked baggage security measures that can be employed. This same approach was conducted for all screening measure groups.

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<th>Disruption Rate</th>
<th>CTR</th>
<th>Security Measure</th>
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<td>SM1 50% 50%</td>
<td></td>
<td>Hand Search</td>
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<tr>
<td>SM2 50% 50%</td>
<td></td>
<td>Hand Search with Canine Unit (consists of 2-4 teams, 1 handler/2 dogs per team)</td>
</tr>
<tr>
<td>SM3 70% 30%</td>
<td></td>
<td>Explosive Trace Detection (open bag)</td>
</tr>
<tr>
<td>SM4 80% 20%</td>
<td></td>
<td>Computed Tomography (CT) Scan (Electrostatic Detection System)</td>
</tr>
</tbody>
</table>

A potential combination of device types is chosen from these 1024 possible configurations for each passenger class for every airport, where each airport may have a different combination from any other
airport. We obtain the number of device types used at each airport by dividing the hourly rate of passengers screened at that airport by the device hourly throughput rate.

3.2 Results

The nonlinear mixed integer programs were generated in Python 3.7.3 using the gurobiopy module and solved with Gurobi 9.0. The Gurobi parameters were kept at their default values, apart from turning the pre-solve option off so that Gurobi would spend less time expanding the node structure.

The data for all independent scenario instances remained consistent and incorporated all 440 airports. 10242 different combinations were produced, based on the security measures available. Table 4 shows an example output.

Table 4: A Snapshot of one solution output for each airport.

<table>
<thead>
<tr>
<th>Airports</th>
<th>Obj 1</th>
<th>Obj 2</th>
<th>Obj 3</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Risk Posture</td>
<td>Risk False Clear</td>
<td>Max Threat Detection</td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>87207.61</td>
<td>856.9001070</td>
<td>23637941.60</td>
<td>23602432.40</td>
</tr>
<tr>
<td>1</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>2501340.27</td>
<td>25023116.39</td>
</tr>
<tr>
<td>2</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>14520702.99</td>
<td>14520979.09</td>
</tr>
<tr>
<td>3</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>1559621.45</td>
<td>15596497.53</td>
</tr>
<tr>
<td>4</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>9096180.79</td>
<td>9096456.83</td>
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<tr>
<td>5</td>
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<td>11182118.68</td>
<td>11182389.74</td>
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<tr>
<td>6</td>
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<td>9215989.36</td>
<td>9216265.43</td>
</tr>
<tr>
<td>7</td>
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<td>-0.9898654</td>
<td>9893501.17</td>
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</tr>
<tr>
<td>8</td>
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<td>-0.9898654</td>
<td>5863511.98</td>
<td>5863630.09</td>
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<tr>
<td>9</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>6824081.49</td>
<td>6824359.55</td>
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<tr>
<td>10</td>
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<td>8128292.47</td>
<td>8128568.54</td>
</tr>
<tr>
<td>11</td>
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<td>-0.9898654</td>
<td>7196642.37</td>
<td>7196698.35</td>
</tr>
<tr>
<td>12</td>
<td>277.05</td>
<td>-0.9898654</td>
<td>7419652.11</td>
<td>7419928.18</td>
</tr>
</tbody>
</table>

The model allows scenario-based risk assessment and evaluation analyses which will be discussed in detail in a future paper. Herein, we report briefly the computational results obtained from 11 solution methods.

- Model 1: Multi-Swarm PSO – 5 particles
- Model 2: Multi-Swarm PSO – 6 particles
- Model 3: Multi-Swarm PSO – 7 particles
- Model 4: Multi-Swarm PSO – 8 particles
- Model 5: Multi-Swarm PSO – 9 particles
- Model 6: Multi-Swarm PSO – 10 particles
- Model 7: Combined Solution MSPSO
- Model 8: Heuristic 1
- Model 9: Heuristic 2
- Model 10: Column Generation Pricing with Multi-Swarm PSO
- Model 11: Column Generation Branch-and-Price Exact Algorithm

Table 5 presents the computational results for these 11 different model formulations and solution strategies. For comparison, we use equally-weighted outputs after normalizing the objectives into a scalar to improve the ability to compare values. The first six are multi-swarm PSO results with varying population size. The first four columns display the equally-weighted multi-objective results. Population size does not appear to be significant for running the MSPSO algorithm. In fact, more particles do not guarantee better results. Heuristic 1 and Heuristic 2 are the ad-hoc greedy heuristics. The Combined MSPSO took all the portfolio results from each of the MSPSOs and solved the optimization problem based on all the options. The CG Price MSPSO model took the column generation construct but solved the pricing problem using the MSPSO instead of having to solve the individual subproblems for each airport. CG Final is the full column generation solution using the standard column generation algorithm and applied to the Dantzig decomposition to achieve the optimal solution. Since these are heuristic results, they may not lie on the Pareto efficient frontiers. CG Final result (a non-dominated solution) provides the best overall results, since the instance is solved to optimality. The MSPSO solutions tend to bias towards Obj1, while Combined MSPSO improves the solution with good scores for both Obj1 and Obj3. The two ad-hoc heuristics offer excellent scores for Obj3 with reasonable Obj1.

![Figure 2: Triangle Radar Plot, Performance Metric Comparison.](image)

The triangle radar plot in Figure 2 displays the normalized results. If the model line reaches 1, then
the objective has reached the maximum value amongst the various models. If a line is barely registering (achieving very low value), then the objective value result is basically inconsequential in comparison. These scenarios allow us to observe how security measure allocations differ when varying the number of inputs into the overall model. This technique gives us insight into determining if it is beneficial to dedicate the time to find an optimal solution. The PSO methods take the least amount of time, and if the solutions are potentially just as strong, then it is possible that they can be utilized regularly. The decision-makers are also able to witness multiple options and consider what results remain consistent throughout the runs or what results change drastically depending on the model.

3.3 Summary of Findings

The classical portfolio optimization model uses the variance as the risk measure and relies on the covariance matrix. Without reliable estimates for the covariance/correlation, we utilize network topology analysis techniques to make a pseudo-correlation matrix. We construct and introduce a network of interdependent risk factors that can be represented by a weighted adjacency matrix. This matrix is then combined with the topological overlap matrix, a similarity measure construct that allows us to define and quantify the topological and interdependent relationships between the security measures and the risk factors.

As a means to integrate the risk factors and security measures that are put in place by TSA, we introduce the term “Risk Posture” and a method to calculate it. Risk Posture is calculated based on the optimal security measure portfolios selected and their interdependent relationship with the TSA risk taxonomy. With Risk Posture, we maximize the resilience of the system so that no matter the risk, TSA/the country should be able to face it. There are no standard Risk Posture calculations, and the term has been associated with Cyber-security readiness (since 2018). Our goal is to maximize the overall improvement in risk posture by minimizing risk.

Nearly all security measures have been addressed in small groupings in previous research over the past 20 years, but none all together in a single enterprise risk optimization model. Stewart and Mueller (Stewart & Mueller, 2017) are the only publication/s that include all security measures, though no mathematical analyses and tradeoffs have been performed. No prior optimization model has attempted to incorporate multiple screening areas into a single model. Our work is the first to incorporate Stewart and Mueller’s (Stewart & Mueller, 2017) reliability construct to include Checked baggage, Carry-on baggage, and Passenger screening. ERM portfolio optimization models are typically tied to the Insurance and Finance industries and follow a very traditional modeling approach (Al-Qudah, 2023; Oliva, 2016; Olson & Wu, 2010; Soliman & Adam, 2017). There is currently no ERM portfolio optimization model in aviation security measures. Our model is comprehensive in which previous Sewell’s SADM and Nie’s operational models are sub-models within our global ERM-based model.

The output of the model allocates available security measures/screening devices across airports nationwide to:

- Maximize the risk posture of the TSA (threat detection capability concerning the interdependent network of TSA risk elements)
- Minimize the probability of false clears
- Maximize the total security level (probability of threat detection)

4 CONCLUSIONS

This paper offers a pioneering approach to optimizing enterprise risk management (ERM) in aviation security through a comprehensive multi-objective portfolio investment model. By integrating various aviation transportation risks and modeling their interdependencies, the ERM-based model provides a robust framework for allocating security measures efficiently across the U.S. aviation sector. The model’s strength lies in its ability to correlate resource allocation with risk mitigation, maximizing risk posture while minimizing false clears and enhancing threat detection rates.

The comprehensive ERM-based resource allocation model expands upon previous research and combines all previous models into a single multi-objective portfolio investment optimization model framework. We utilize the concept of topological overlap network to establish interdependencies among the various aviation transportation risks. We also introduce Risk Posture, capturing the cascading and inter-dependency of the multi-tier risk taxonomy and overlaying security measures, to quantify the TSA’s resilience and capabilities against any potential risks. The biggest knowledge gap in previous research is that any type of optimization model concerning enterprise risk management was performed only at an operational level. This work represents the first model that encompasses a full
multi-tier enterprise risk management approach across strategic, tactical, and operational levels. It is also the first model to establish and concentrate on risk posture. The security measure and device allocation problem, combined with a passenger risk assessment policy, can be used to structure a risk-based screening strategy to use limited screening resources effectively. The model is generalizable and can accommodate additional / different measures, new technology, or new airport setups.

This paper presents a practical solution methodology for solving the security screening device allocation model across multiple airports. Given budget constraints, including the installation, operation, and fixed costs associated with screening devices and procedures at airport checkpoints, the ERM-based model facilitates the allocation of new devices and procedures across airports nationwide to maximize the total security level over all the airports under consideration. To accomplish this, we compute a risk factor for security classes using either the new or existing detection devices, based on the hourly throughput rate of each of the device types and the perceived risk of the passengers. The passenger risk is obtained using a prescreening system and allows security operations to partition passengers into high or low-risk categories for undergoing higher or lower intensity screening.

We present a Dantzig-Wolfe decomposition approach to tackle the resulting nonlinear intractable instances, where optimal solutions are shown to be obtained in several seconds through multiple computational examples. The fast solution engines and interpretable results ensure scalability and adaptability of the proposed framework to other contexts beyond aviation security.

The findings have significant implications for policy and practice, particularly in enhancing aviation security in a post-9/11 landscape. By demonstrating a quantifiable improvement in risk management through strategic resource allocation, this work adds new and critical knowledge to the field of risk assessment and optimization in aviation security. Future research will be conducted to expand on this foundation to explore adaptive strategies in response to evolving security threats and the integration of real-time data analytics for dynamic risk assessment.

In Leonard and Lee (2020), we applied this quantitative ERM-based framework for optimizing security measure investments to achieve the most cost-effective deterrence and detection capabilities for the U.S. Customs and Border Patrol (CBP). We modeled the CBP ERM in 3 tiers: satellites monitoring the geographic area of the border; High Altitude Long Endurance drones with high-fuel capacity for extended surveillance; and the ground layer of a variety of security surveillance systems and manned outposts. Under physical / cyber / resource / logistics constraints, the ERM-based model optimizes the allocation of limited quantities of deterrence and detection security measures across the entire southern continental U.S. border so as to (1) maximize the total utility of the measures utilized, (2) maximize the probability of deterrence and/or detection, and (3) minimize cost.

The CBP work introduces the concept of utility for each security measure as a means to rate its impact, and incorporates the probability of success, along with multiple objectives. To the best of our knowledge, our work presents the first mathematical model that optimizes security strategies for the CBP and is the first to introduce a utility factor to emphasize deterrence and detection impact. It also offers insights into the broader applicability of our ERM-based computational framework.

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