

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 1043

STATE OF NEW JERSEY

DATED: JANUARY 22, 1997

Assembly Bill No. 1043 (1R) of 1996 requires the licensing of private security officers (guards) by the Department of Law and Public Safety. Employees of private detective agencies who work as security officers, in-house security officers, and armored car security officers are required to be licensed. Licensees are required to pass criminal history background checks, complete eight hours of initial training by certified instructors and eight hours of on-the-job training, pass a written examination and submit a personal history statement. Armed security officers are also required to complete a firearms training course. Security officers employed on the effective date of this act would become licensed if they pass the written examination or, within 90 days after failing the examination, complete the bill's training requirement.

The bill creates an unpaid eleven-member advisory board and a Division of State Licensing of Security Guards, both in the Department of Law and Public Safety, to carry out its provisions. In fulfilling its licensing responsibilities under the bill, the division will review the background statements of applicants, approve training courses, certify instructors, approve a written examination, monitor annual criminal history checks of licensees, provide staff for the board and maintain a computerized registry of licensees.

The bill authorizes the advisory board to establish fees sufficient to fund administration of the licensing program. The bill further requires the employer to pay the costs of licensure and training for persons hired prior to the effective date of the act. For persons licensed after the effective date, these costs may be paid either by the employer or the applicant.

Information on the number of security officers who would be licensed under this bill is essential to an accurate estimate of its fiscal impact. Lacking more precise information, the Office of Legislative Services (OLS) relied for purposes of this estimate on data provided by the Bureau of Occupational Research in the N.J. Department of Labor. A survey conducted by the bureau in 1994 indicated that New Jersey employers employed approximately 32,700 private security guards. A projection, based on information provided by the bureau, indicates 35,768 persons are employed in this occupation in 1997. Assuming a turnover rate for security guards of 10 percent a year,

approximately 3,577 persons would apply for licenses in the first year after enactment of this bill.

In addition to processing the licenses for these applicants, the Division of State Licensing of Security Guards would have continuing responsibilities for existing licensees. It would also have to oversee the licensing of all currently employed security officers in the first year.

Based on these workload indicators, OLS estimates the State cost of administering the provisions of this bill in the first year after enactment at \$930,000. This total includes \$530,000 for the salaries and fringe benefits of 12 personnel: a director, assistant director, administrative analyst, two investigators, two testing specialists, a training specialist and four clerical staff. Also included are \$232,000 for services other than personal, \$116,000 for equipment; \$46,000 for space rental; and \$6,000 for expenses of the board. After reducing equipment costs to \$16,000 and applying a 5 percent rate of inflation, costs in the second and third year after enactment are estimated to be \$872,000 and \$915,000, respectively.

Assuming the number of security officers to be 35,760, the division would need to charge an annual fee of approximately \$26 per officer to defray its expenses. It should be noted that security officers and their employers also would be subject to the additional costs of training and criminal history computer checks, which are not included in this estimate.

Finally, OLS notes that this fee could vary, based on the actual number of security officers who are ultimately licensed under this bill.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.