



Virginia Department of Planning and Budget **Economic Impact Analysis**

6 VAC 20-172 Regulations Relating to Private Security Services Businesses
6 VAC 20-173 Regulations Relating to Private Security Services Training Schools
6 VAC 20-174 Regulations Relating to Private Security Services Registered Personnel
6 VAC 20-230 Regulations Relating to Special Conservator of the Peace
6 VAC 20-250 Regulations Relating to Property and Surety Bail Bondsmen
6 VAC 20-260 Regulations Relating to Bail Enforcement Agents
Criminal Justice Services Board
Town Hall Action/Stage: 5651/9326
September 10, 2021

Summary of the Proposed Amendments to Regulation

The Criminal Justice Services Board (Board) seeks to update various fees charged to Private Security Services Businesses (PSSB), Private Security Services Training Schools (PSSTS), Private Security Services Registered Personnel (PSSRP), Special Conservators of the Peace (SCOP), Property and Surety Bail Bondsmen (BB), and Bail Enforcement Agents (BEA). All the proposed changes would be made to Section 20 *Fees* in each of the following chapters of the Virginia Administrative Code: 6 VAC 20-172 *Regulations Relating to Private Security Services Businesses*, 6 VAC 20-173 *Regulations Relating to Private Security Services Training Schools*, 6 VAC 20-174 *Regulations Relating to Private Security Services Registered Personnel*, 6 VAC 20-230 *Regulations Relating to Special Conservator of the Peace*, 6 VAC 20-250 *Regulations Relating to Property and Surety Bail Bondsmen*, and 6 VAC 20-260 *Regulations Relating to Bail Enforcement Agents*.

Background

The Department of Criminal Justice Services' (DCJS) is responsible for regulating PSSB, PSSTS, PSSRP, SCOP, BB and BEAs.¹ DCJS' Division of Licensure and Regulatory Services (DLRS) executes the regulatory responsibilities for these six programs, as well as the registration

¹ The following Code sections authorize the board to establish regulations to collect sufficient fees to cover certain expenditures for their programs: 9.1-141 for PSSB, PSSTS, and PSSRP; 9.1-150.2 for SCOP; 9.1-185.2 for BB; and 9.1-186.2 for BEA.

of tow truck drivers. The fees charged under these programs were last updated in 2003 for PSSB, PSSTS, and PSSRP; in 2004 for SCOP; in 2008 for BB; and in 2009 for BEA. DCJS reports that the current fees do not cover DLRS' expenditures, which has affected their ability to run these programs. DCJS also reports that DLRS is currently understaffed to the point of being unable to provide adequate service, and is in the process of updating its databases and online systems to meet constituent demand, which will need ongoing maintenance support.²

Although most of the proposed fee increases closely track inflation during the period since the fees were last set, some fees would increase more significantly. Under the proposed changes, the two-year renewal fee for business licenses (PSSBs) and training school licenses (PSSTS) would increase by 124 percent from \$500 to \$1,120. Similarly, compliance inspector certifications (for PSSBs) and instructor certification renewals and detector canine handler examiner certification renewals (for PSSTS) would increase by 180 percent from \$25 to \$70. A number of smaller fees, such as those for duplicate wall certificates/registration cards or training waiver processing fees, would roughly double from \$20-25 to \$40-50. DCJS also proposes to add a \$40 fee for replacement/duplicate license wall certificates for PSSBs, including certified compliance agents at those businesses.

However, not all fees would increase. The fingerprint form processing fee would be reduced from \$50 to \$35 for all programs to reflect the current fees charged by the State Police, and manual processing fees would be removed since all applications are now processed electronically. The in-service training alternative credit evaluation fee for PSSRPs and the partial training exemption fee for BEAs would also be eliminated.

Estimated Benefits and Costs

In general, the proposed changes to fees would directly increase costs for all six categories of regulants: PSSB, PSSTS, PSSRP, SCOP, BB, and BEAs. As long as the demand for private security, bail bonds, and the services provided by SCOPs remains robust, these private agents and entities would most likely pass on the increased costs to their clients rather than restrict their services or go out of business. The proposed changes would directly benefit DLRS by allowing them to hire additional personnel and purchase database and IT service

² See the Agency Background Document, page 2:
https://townhall.virginia.gov/l/GetFile.cfm?File=51\5651\9326\AgencyStatement_DCJS_9326_v1.pdf

upgrades, thereby better serving its constituents. The proposed changes would indirectly benefit the private sector security professionals regulated by DLRS to the extent that their applications get processed more expeditiously and they receive better services. The proposed changes would also ensure that DCJS is able to cover DLRS' expenditures without having to draw on the general fund.

Businesses and Other Entities Affected

The proposed amendments would impact all agents and entities currently licensed under the six chapters, as well as new entrants to these industries. Specifically, there are currently 2,011 licensed private security businesses with 2,353 registered compliance agents, 135 training schools with 585 registered instructors, 48,177 registered private security personnel, 396 SCOPs, 298 bail bondsmen, and 180 BEAs. DCJS reports that the following trade associations (whose members are included in the counts above) would also be affected: the Private Investigators Association of Virginia, the Virginia Bail Association, the Electronic Security Association of Virginia, and the Private Investigators and Security Association.

Small Businesses³ Affected

The number of PSSB or PSSTS that are small businesses is unknown. However, the fee increases are not particularly targeted at small businesses and there are no associated administrative costs.

Localities⁴ Affected⁵

The proposed amendments do not introduce new costs for local governments and are unlikely to affect any locality in particular.

Projected Impact on Employment

The proposed fee increases may reduce employment in the private security industry, or as a SCOP, BB, or BEA, if it induces some currently licensed individuals to not renew their licenses and exit the industry, or if it discourages applications for new licenses in these fields.

³ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁴ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁵ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

However, there may be no reductions in employment in these fields if the increased costs can be passed on to consumers of private security services, bail services, and services provided by SCOPs. Further, if private security businesses are able to substitute unlicensed personnel to perform some of the tasks that are currently performed by licensed personnel, then overall employment in the industry may not be affected even if the number of licensed personnel decrease.

Effects on the Use and Value of Private Property

The proposed fee increases would increase current and future costs for PSSBs and PSSTS, which would modestly reduce the net value of those private entities. Real estate development costs are not affected.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 14 (as amended, July 16, 2018). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.