



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 5, 2003

S. 1743 **Private Security Officer Employment Authorization Act of 2003**

As reported by the Senate Committee on the Judiciary on October 23, 2003

CBO estimates that implementing S. 1743 would result in no significant net costs to the federal government. Enacting the bill could affect direct spending and revenues, but CBO estimates that any such effects would not be significant. S. 1743 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of complying with this mandate for state governments would be well below the threshold established in that act (\$60 million in 2004, adjusted annually for inflation). The bill contains no private-sector mandates as defined by UMRA.

S. 1743 would authorize employers of private security officers to request criminal history searches of their employees, but only with consent of the employee. Employers would make requests through designated state agencies, and the Federal Bureau of Investigation (FBI) would perform the criminal records checks. The bill would permit the FBI to charge fees to cover any costs associated with carrying out its responsibilities. In addition, S. 1743 would establish criminal penalties for unauthorized use of information obtained through criminal history checks.

Because the bill would permit the FBI to charge and collect fees as necessary to offset its costs, CBO estimates that implementing S. 1743 would have no significant net effect on the agency's spending. In addition, since persons prosecuted and convicted for misuse of criminal history information could be subject to criminal fines, the federal government might collect additional fines if the legislation is enacted. Collections of such fines are recorded in the budget as revenues, which are deposited in the Crime Victims Fund and later spent. CBO expects that any additional revenues and direct spending would not be significant because of the small number of cases likely to be involved.

S. 1743 contains an intergovernmental mandate as defined by UMRA because it would require state identification bureaus to coordinate background checks on current and potential security officers for private companies and the FBI.

According to the National Association of Security Companies, there were about 1.5 million private security officers in 2000. Currently, all but 10 states have guidelines regarding who can be a security guard, and 37 states and the District of Columbia currently have authorized state agencies to conduct background checks of both state and federal databases. Only two state licensing agencies, in California and Illinois, however, routinely request the FBI background checks for private security personnel.

Based on information from licensing agencies in three states, fees range between \$2 and \$20 above the cost that the FBI charges to cover costs associated with coordinating the background checks. Assuming that each private security company requests a check for all employees (about 1.5 million) once a year as allowed in the bill, the cost to comply with the mandate for states would be no more than \$30 million per year. However, CBO expects that total costs would be significantly lower than that for several reasons.

First, California and Illinois currently perform the federal checks for security guards and would therefore not face any additional incremental costs as a result of this legislation. Second, while CBO cannot precisely estimate how many private security companies would request background checks and whether they would require them for all employees or only new hires, we do not expect all companies to request them for all employees. Therefore, the total annual costs would be significantly reduced. Finally, the bill would allow any state that finds the workload or associated costs too burdensome to opt out of the program. Based on all of these factors, CBO estimates that the cost of this mandate for state governments would be well below the threshold established in UMRA.

The CBO staff contacts for this estimate are Mark Grabowicz (for federal costs), and Melissa Merrell (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.