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Board of Private Detective and Protective Agent Services

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<https://dps.mn.gov/entity/pdb/Pages/default.aspx>

AT A GLANCE

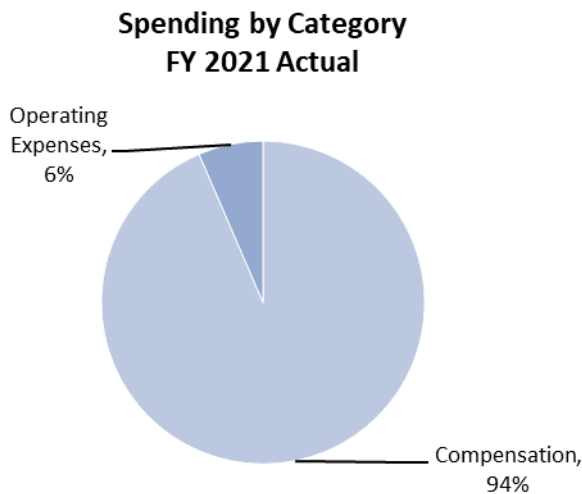
- The Minnesota Board of Private Detective and Protective Agent Services (MNPDB) currently regulates 380 private detective and protective agent licensed individuals and corporate license holders
- There are approximately 11,600 security personnel in the State of Minnesota
- The agency’s current budget is \$288,000 annually. This allows for 3 FTE’s – The Executive Director, an Investigative Analyst, and Administrative Assistant
- MNPDB certifies more than 1,425 training courses
- MNPDB’s stakeholders include legislators, law enforcement, other state agencies, associations, media, license holders, and the public

PURPOSE

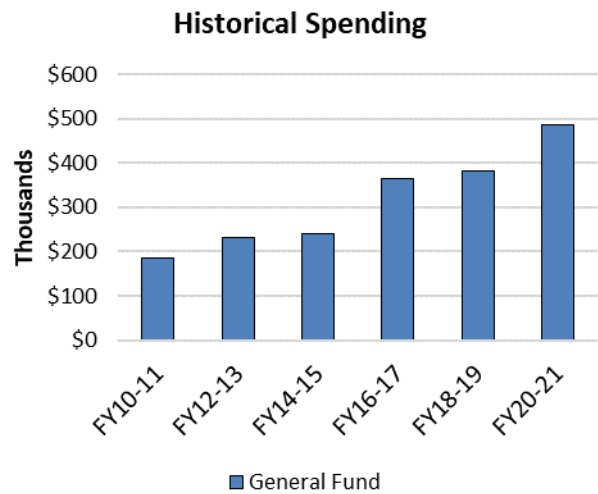
The mission of the Private Detective and Protective Agent Services Board (MNPDB) is to ensure investigative and security service license holders meet and maintain statutory qualifications and standards. This includes, but is not limited to, meeting criteria in criminal background checks, educational requirements, proof of financial responsibility, and ensuring license holders are acting responsibly and in the best interest of their clients.

With public safety and consumer protection as primary goals, the agency investigates complaints against license holders and violations of statutes, provides support to law enforcement and the courts regarding unlicensed activity and police impersonation, and works towards increasing the quality of the industry.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

STRATEGIES

Streamlining Procedures: MNPDB has implemented a number of initiatives to process applications, renewals, complaints, officer changes, training certifications and data privacy requests more quickly. These include but are not limited to the Executive Director approving training and instructors within 48-72 hours of receipt, simplifying and revising forms, revising the license renewal process, data practice reviews, engaging in the retention schedule

and holding only required material, and working with license holders to resolve issues before going to the board. PDB continuously reviews and revises processes to increase efficiency.

Website Revision: A large percentage of the agency’s time is spent dealing with inquiries and providing various information including forms. The current website provides a portion of this information. Our agency will be requesting more bandwidth and developing a more user-friendly platform. We will be revisiting the ease to access and add downloadable information of interest to applicants, license holders, law enforcement, and the public.

Auditing and Inspections: License holders and certified training courses are currently audited at their renewal time which is every two years. Recently, the agency began conducting audits between these renewal dates and have found concerning results related to public safety and consumer protection. As the agency deals with security and investigative personnel it is imperative that these individuals are properly background checked and trained. MNPDB will conduct onsite visits and additional random audits to be more proactive in regulating the industry.

Training: Auditing training records has brought a concern over accuracy. Maintaining 1,400 + courses is resulting in a need for a professional record management system. This will be made a part of the 2024-2025 budget request.

Hiring: In the past few years there has been a tremendous shift in police services that have heightened the needs for security agents. MNPDB have seen an uptick in license applications producing additional work for a small work force. We will be asking for additional employees to handle the processing and maintain the regulatory needs of the agency.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Applications Processed	31	43	FY 2020 & FY 2021
Quantity	Renewal Applications Processed	116	111	FY 2020 & FY 2021
Quality	Training Courses Reviewed and Approved	101	61	FY 2020 & FY 2021
Quality	Disciplinary Actions	37	8	FY 2020 & FY 2021

MN Statutes 326.32-326.339 (<http://www.revisor.mn.gov/statutes/cite/326>) provides the legal authority for MNPDB.

Private Detectives & Protective Agents Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General	241	246	262	308	288	288	568	498
Total	241	246	262	308	288	288	568	498
Biennial Change				82		6		496
Biennial % Change				17		1		87
Governor's Change from Base								490
Governor's % Change from Base								85

Expenditures by Program

Private Detectives and Protective Agents Bd	241	246	262	308	288	288	568	498
Total	241	246	262	308	288	288	568	498

Expenditures by Category

Compensation	221	231	245	276	274	275	474	485
Operating Expenses	20	16	17	32	14	13	94	13
Total	241	246	262	308	288	288	568	498

Full-Time Equivalents

	2.99	3.18	3.12	3.12	3.12	3.12	5.12	5.12
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Private Detectives & Protective Agents Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
1000 - General								
Balance Forward In		39		20				
Direct Appropriation	277	277	282	288	288	288	568	498
Cancellations		70						
Balance Forward Out	36		20					
Expenditures	241	246	262	308	288	288	568	498
Biennial Change in Expenditures				82		6		496
Biennial % Change in Expenditures				17		1		87
Governor's Change from Base								490
Governor's % Change from Base								85
Full-Time Equivalents	2.99	3.18	3.12	3.12	3.12	3.12	5.12	5.12

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	288	288	288	576
Forecast Base	288	288	288	576
Change Items				
Equipment and Staffing		270	190	460
Maintain Current Service Levels		10	20	30
Total Governor's Recommendations	288	568	498	1,066
 Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	200	200	200	400
Total Governor's Recommendations	200	200	200	400

Board of Private Detectives and Protective Agent Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Equipment and Staff

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	270	190	190	190
Revenues				
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	270	190	190	190
FTEs	2.0	2.0	2.0	2.0

Recommendation:

The Governor recommends \$165,000 annually for two additional staff, as well as \$25,000 annually and \$70,000 one-time in FY 2024 to purchase and implement a record management system (RMS) to track, monitor, and streamline the application, renewal, training, and investigation processes involving current private detective and security officer licensees and their staff. The Governor also recommends a statutory modification to update the process used to verify fingerprints for applicants.

Rationale/Background:

The Record Management System, the FBI fingerprints and additional staffing are new initiatives. The private investigations and security industry is regulated by the Board of Private Detective and Protective Agents. The sheer volume of data required by statute which is submitted and kept on file for the estimated 13,500 employees in the industry is extensive. This Board functions with the interest of preserving the health, safety and welfare of Minnesota citizens via the licensing process for this industry. These interests, coupled with the need to verify the training and continuing education of all employees so that all industry staff are professional and highly trained, heightens the need that Board staff are error-free while conducting manual background checks and training audits. Relying on a paper-based records system that requires manual searching of data increases the potential for errors and mistakes.

Additional staff for Minnesota Private Detective and Protect Agent Board

The private security industry is expanding rapidly. Over the past years, police departments have lost a large percentage of their law enforcement officers creating security agencies to engage in law enforcement practices. This is causing a rapid growth in license holders and the addition of employees. With the need for more security agencies assisting law enforcement, there has been an increase in unlicensed security agencies. The agency has received 30 complaints (July 2021 to June 2022) of unlicensed agencies acting as licensed security who are untrained and carry firearms; pistols, assault weapons, and less than lethal. These unlicensed agencies hire untrained employees. This Board functions with the interest of preserving the health, safety, and welfare of Minnesota citizens via the licensing process for the industry. Additional staff auditing these security agencies will continue to keep Minnesota and visitors safe.

Record Management System

Currently, there are an estimated 13,500 individuals engaged in the private detective and security officer industry within Minnesota- all of whom are monitored in some fashion by this Board. Currently, the staff uses a manual hand-check system to go through thousands of pages of licensing and requisite training data each month when certifying new and renewal applicants. A key statutory requirement of this Board is to conduct internal records

checks to ensure certain individuals with past misconduct or criminal convictions do not gain licensure and to verify applicants and their employees have attended requisite training courses. This is a monumental task when searching records by hand. Additionally, databases such as spreadsheets and PDF files must be updated manually to be kept current.

A new RMS system will allow licensees to upload required data and forms off of the website and citizens can report illegal activity involving licensees- both of which enhance customer service and turns a 10-14 day application or investigative process into literally a couple of days. Similarly, auditing training for an 800 + employee security firm (of which there are several operating in the state) for license renewal is several days of poring over spreadsheets to ensure proper compliance with the statute. A record management system would significantly reduce the time needed to verify submitted data. This vital technological enhancement represents approximately ¼ of the current annual budget for the Board.

Implementing an RMS system greatly reduces the likelihood of inadvertently approving a license, overlooking requisite training or a prior disciplinary issue and the resultant potential for persons ill-suited to the profession from gaining licensure. Additionally, an RMS system will provide better service to all Minnesotans who require private investigations or security professionals by better ensuring that staff in the industry have been properly vetted and screened for their positions and received the requisite training required by statute.

BCA/FBI Fingerprint Check Requirement for New Licensees

Minnesota Statutes, section 326.3381(3) lists disqualifying factors for prospective licensees but fails to require/allow the Bureau of Criminal Apprehension to submit licensee applicant fingerprints to the Federal Bureau of Criminal Investigation (FBI) for the express purpose of determining if criminal convictions exist. Employees of license holders are required to submit to FBI fingerprint checks yet the license holder themselves are not required to do so. Rectifying this incongruence in statute will eliminate the potential for licensee applicants who have certain criminal records from obtaining private detective or security agent licensure outside the initial statutory intent.

The fingerprint requirement under Minnesota Statute 326.3381(3) serves to protect the citizenry by formalizing and implementing the process that requires license holders to submit a comprehensive criminal history check. This requirement will vastly eliminate the likelihood that convicted persons do not improperly obtain licensure that puts them close to vulnerable citizens and it further professionalizes the industry. Licensee applicants will be required to cover the fees associated with these fingerprint checks as they currently are also responsible for the fingerprint checks of their staff. Minnesotans will be kept safer, especially at large events such as outdoor concerts and major sporting venues as well as circumstances involving private investigations which frequently involve victims of assault, harassment, and other crimes should these clarifications be added. These changes will also afford a more diverse workforce to be eligible to work in the industry as pre-assignment barriers will be reduced or eliminated.

Similarly, requiring new licensee applicants to submit to a BCA and FBI fingerprint inquiry to determine if prior applicant criminal offenses prohibit licensure is a prudent and logical safeguard for citizens of Minnesota who rely on private investigators or security personnel in a wide variety of applications and perhaps most notably at large concert venues, sporting events and large gatherings such as the State Fair, among other events.

Proposal:

The Board of Private Detectives and Protective Agents requests funding to add two positions. The addition of staff will manage the RMS, fingerprint inquiry and audit an increasing number of security agencies. The additional staff (who also assist with other licensing functions in their job scope and would maintain the RMS database system) would be auditing both licensed and unlicensed security companies. They would be assigned to the North/East metro and South/West metro areas.

The Record Management System proposal is a new initiative designed to allow staff to be more efficient and responsive to citizens and better meet statutory requirements. Implementation of an RMS system will allow and greatly enhance this agency's ability to meet the regulatory expectations and needs of this growing and evolving industry. Additionally, this RMS serves as an early warning system for licensees who fall out of compliance as well as an important tool to track, monitor, and report unlicensed activity state-wide. Fiscal year 2024 dollars represent the one-time initial licensing costs for system purchase and development for staff to access the database. MNIT staff estimate ongoing annual support costs to be approximately \$25,000 assuming five (5) software licenses are purchased.

Requiring new licensee applicants to submit to a BCA and FBI fingerprint check will proactively screen those applicants who are ineligible to obtain licensure by statute and keep citizens safer in their day-to-day interactions with licensed private investigators or security officer staff. Without federal background checks, agencies can employ felony-convicted offenders.

Impact on Children and Families:

This proposal will indirectly impact all Minnesotans by ensuring only vetted and trained individuals work in the private detective and security industry. This proposal will further professionalize the industry and potentially make it a more desirable and portable career choice. This proposal will also allow families of those engaged in the private detective or security industry to enjoy a higher standard of living by working in a professional and growing industry that remains focused on trained and skilled workers.

Equity and Inclusion:

These proposals will inherently improve the ability to regulate, monitor, educate and potentially penalize violating licensees and their staff, thus making the industry more professional. Enhancing the professionalism of this industry will have a ripple effect in drawing more individuals into the field and indirectly providing for a better wage for participants in the industry. This rising tide of professionalism and increased pay will positively affect those currently in and seeking careers in the investigative and security fields.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

IT Costs

Although the Record Management Proposal is perhaps technically an IT proposal in that IT staff will be required to initially upload software and make potential modifications to the record system before implementation, these costs have already been factored in the initial \$95,000 request and recurring annual cost for software support and subsequent enhancements or improvements as part of the software agreement(s).

The mandatory fingerprint check through the BCA and FBI has no impact on IT staff.

<i>Category</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software	95	25	25	25	25	25
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	95	25	25	25	25	25
MNIT FTEs						
Agency FTEs						

Results:

Results can be measured by the additional licenses able to be administered, timeliness of providing licenses, and fingerprint checks conducted.

Statutory Change(s):

Minnesota Statutes, section 326.3381(3)

Board of Private Detectives and Protective Agent Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	10	20	20	20
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$10,000 in FY 2024 and \$20,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Board of Private Detectives and Protective Agents.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the Board of Private Detectives and Protective Agents, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff compliment in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services the Board of Private Detectives and Protective Agents delivers to Minnesotans will be impacted because of insufficient resources for the Board which is also requesting additional support to be able to improve core functions and responsibilities.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. This funding will cover anticipated employee compensation growth.

Results:

This proposal is intended to allow the Board of Private Detectives and Protective Agents to continue to provide current levels of service and information to the public.