

February 2, 2001

Speaker Martin R. Stephens  
Members of the Audit Subcommittee  
State Capitol Building  
Salt Lake City, Utah 84114

**Subject: Processing Costs for Concealed Weapon Permits (Report #2001-02)**

Dear Legislators:

At the request of the Law Enforcement and Criminal Justice Interim Committee, we have completed our review of the Utah State Concealed Carry Weapon Program (CCW), operated by the Bureau of Criminal Identification (BCI). We have determined that fees collected at the current rate do not cover the expenditures for the Firearms section. The program appears to be underfunded and cannot adequately meet its statutorily required mission with its current funding allocation. Changes in fee structure and some program changes could improve the program's efficiency.

For the calendar year 2000, the CCW program costs were estimated at over \$451,800; nearly 50 percent more than the \$307,400 collected for new and renewed permits and instructor certifications. Currently, funding is through General Fund allocations, as the program is not funded by dedicated credits. The funding shortage is manifest in the workload. Section workload demands exceed the resources available for the existing program. This problem will compound in the next few years as permit renewals become due and the workload increases.

Perhaps of greater concern is what is not being done. The program's current funding level does not allow for a number of activities that are implied in **Utah Code 53-5-704**. Most notably lacking are assurances that bureau-approved training courses are functioning as planned and that out-of-state permit applicants receive the same level of review as in-state applicants. Maintaining the existing program at its current level requires additional support

of approximately \$144,000 per year beyond the program's fee collections. This increase would not, however, address or correct the bureau's current deficiencies.

We believe that further refinements to the CCW program are possible. Replacing the current requirement for weapon familiarity certification with a bureau-administered test would significantly reduce the costs of certification for applicants; this change would not significantly affect the state's control over the program as the current system lacks any real controls over outside training programs. Also, use of out-of-state law enforcement agencies to pre-qualify non-resident applicants would significantly alter the issuing of Utah CCW permits to non-residents by requiring the same level of review for these applicants as received by Utah residents. These changes could eliminate the need for weapons instruction and thus reduce the total cost of CCW permits to in-state applicants by approximately \$23 per permit. Out-of-state applicants' fee charges would vary with out-of-state law enforcement fees. Further, these changes would make for a more efficient program.

### **Current Fees Do Not Cover Agency Expenditures**

We estimated revenue generated based on the number of permits issued (approx 7,200 permits) for calendar year 2000. We compared revenues with total program costs for the same year. Our analysis showed that the estimated costs for permit processing were greater than the revenue collected from permit sales and renewals. In fact, revenues covered only about 68 percent of the costs. In addition, it should be noted that the processing costs supported by application fees are only part of the applicant's total cost of obtaining a permit. Other costs associated with acquiring a permit include weapons familiarity instruction, photos, fingerprints, notarization fees, etc., that are paid by individual applicants.

### **CCW Actual Costs Exceed Permit Revenue**

Revenue generated from the collection of application fees, renewal fees, and instructor certification fees for concealed weapon permits do not match the costs incurred by the program. As shown in Figure 1, the estimated revenue from all fees collected during calendar year 2000 were \$307,395. This is only 68 percent of the estimated costs to operate the program for the same time period. These fees are not dedicated credits; there is no assurance that they will be returned to the BCI to help maintain the CCW program. The only guaranteed support to the program has been the annual budget allocation of \$88,000

which has not increased over the past few years even though the number of permits issued has increased significantly since 1994.

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**Figure 1. Revenue from Fee Collections.** Estimated revenue from CCW permit applications, renewals and instructor certifications for calendar year 2000.

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Revenue from Fees (est.)		
Permit Fees	7,200 x \$ 35 =	\$ 252,000
Renewal Fees	5,500 x \$ 10 =	55,000
Instructor Fees	79 x \$ 5 =	<u>395</u>
<b>TOTAL</b>		<b>\$307,395</b>

About 15 percent of all permits are granted to persons living out of state; fees are the same for residents and non-residents. We could not separate the costs for processing non-resident applications from resident applications because they are processed simultaneously. There is no differentiation in the screening procedures nor the costs associated with processing the applications.

We reviewed the costs associated with processing permit applications and determined that there is not enough funding to maintain the current level of production. BCI's cost breakdown of the firearms section was done by estimating time and materials cost per transaction. Based on this analysis, the cost of processing each concealed weapon permit was about \$24.77. The same analysis showed the cost for processing a permit renewal to be about \$9.25. Unfortunately, the BCI analysis, while apparently accurate in establishing activity times, did not include employee benefits, building overhead, postage and review board costs. When these additional costs are applied to the analysis, the average cost for processing permits and renewals is about \$35.57 (based on annual processing of 7,200 new permits and 5,500 renewals).

As indicated in Figure 2, for the past calendar year, the program appears to be underfunded by more than \$144,000. This is the amount shown as bureau support not generated from fees.

**Figure 2. Concealed Weapons Program.** Sources and Uses of Funds for calendar year 2000 (BCI projected)

<b>Source of Funds (est.)</b>		
CCW Program Allocation	\$ 88,000	
BCI Support	<u>219,395</u>	
Subtotal:		\$ 307,395
BCI Funds not Generated by Fees		144,439
<b>TOTAL SOURCES</b>		<b><u>\$ 451,834</u></b>
<b>Use of Funds (est.)</b>		
Building Overhead		\$ 29,208
Direct Materials		18,000
Compensation & Board per diem		343,756
Office Supplies & Equipment		53,870
Training & Development		7,000
<b>TOTAL USES</b>		<b><u>\$ 451,834</u></b>

In fact, since the program was budgeted only \$88,000, the bureau actually subsidized the program to the amount of \$363,834 which was largely borrowed from the budgets of the Brady section and from Support Services.

**Permit Processing Costs are  
 Only a Fraction of the Total Cost**

The state's permit application fee represents only part of an applicant's total cost of obtaining a permit. Other costs to be considered are the cost of weapons instruction, photos, fingerprints, notarization, ammunition, and range time, which are all costs borne by the applicants. These costs can vary significantly depending on the desires of the applicant. We estimate that these costs can add from \$50 to \$150 to the total cost of obtaining a permit. Figure 3 outlines all costs associated with obtaining a permit.

**Figure 3. Total CCW Permit Costs.**

State Background Check	\$ 35
FBI Background Check	24
Weapon Handling Instruction	25 - 60
Fingerprints	10 - 12
Photos	10 - 12
Notary	3 - 5
Range Time	0 - 20
Ammunition	0 - 30
<b>TOTAL</b>	<b>\$ 107 - \$ 200</b>

The application fee charged by the state is \$59. As shown in Figure 3, from this application fee, \$35 goes to the state and \$24 goes to the FBI for background checks. When all costs are considered, the applicant's total cost can vary from \$107 to more than \$200. This difference in total cost is due to the variability in weapon handling instruction. Ensuring greater weapon handling proficiency is not required but is both more time and material-intensive.

### **Firearms Section Cannot Adequately Meet Workload Needs**

BCI's current funding level for the CCW program, including the budgeted allocation, is not sufficient to perform all the tasks assigned to the bureau. Even with the funding support from the bureau, the program's current funding does not allow for the performance of some important program oversight steps. In effect, the fees collected through the CCW program not only do not cover the existing processing costs, they also are insufficient to address some functions many assume BCI is performing. If not addressed, the program's workload funding problems will continue to increase over the next few years and other unanticipated problems could arise.

### **Current Funding Level Has Resulted In Some Steps Being Skipped**

With the significant growth of the CCW program over the past several years, BCI has been unable to perform some of its assigned tasks within budget. One area of responsibility that could present problems is instructor certification. Instructor certification is a critical step in the CCW permit process because the state has, in effect, allowed oversight by a number of state-certified CCW instructors to provide quality control over the permitting process. Thus, it seems appropriate to ensure the greatest possible control over instructor certification and course review; however, this is not the case.

BCI claimed to have current and complete files on all of its certified instructors. Our review of the files found a number of problems. Instructors' files are intended to identify the instructor's qualifications and to verify that the instruction meets BCI's course requirements. These files serve as the state's evidence that instructors are teaching what the **Utah Code** outlines. The files are, however, incomplete and often show that instructors are out of compliance. Verification of key application elements is not performed by BCI staff.

It appears that instructor applications are reviewed thoroughly but are issued on a lifetime basis instead of the five-year period for permits. This means that the state may not have up-to-date information on instructors. Further, while instructors (as the ultimate teachers of codified material) are a primary checkpoint for CCW permits, they themselves are not reviewed with the same scrutiny. Instructors' courses are not audited by the state nor are their files maintained. An instructor may or may not teach the required curriculum, or in fact may not teach anything at all. BCI has no way of knowing what is being taught in the weapons handling courses.

In addition, while instructors would have been eligible to possess a firearm at the time they were certified, they may have become ineligible for a variety of reasons, yet they would still be able to teach weapons handling courses. The bureau does not conduct eligibility and background checks beyond the initial application check. We reviewed a sample of 42 instructor files and found that only 24 of them had an outline of their course materials in the file, many of these being nothing more than a copy of the course information created by BCI. In other words, 18 instructors (43 percent) were not in compliance with the current statutory requirement to provide an outline of the course of instruction approved by the division.

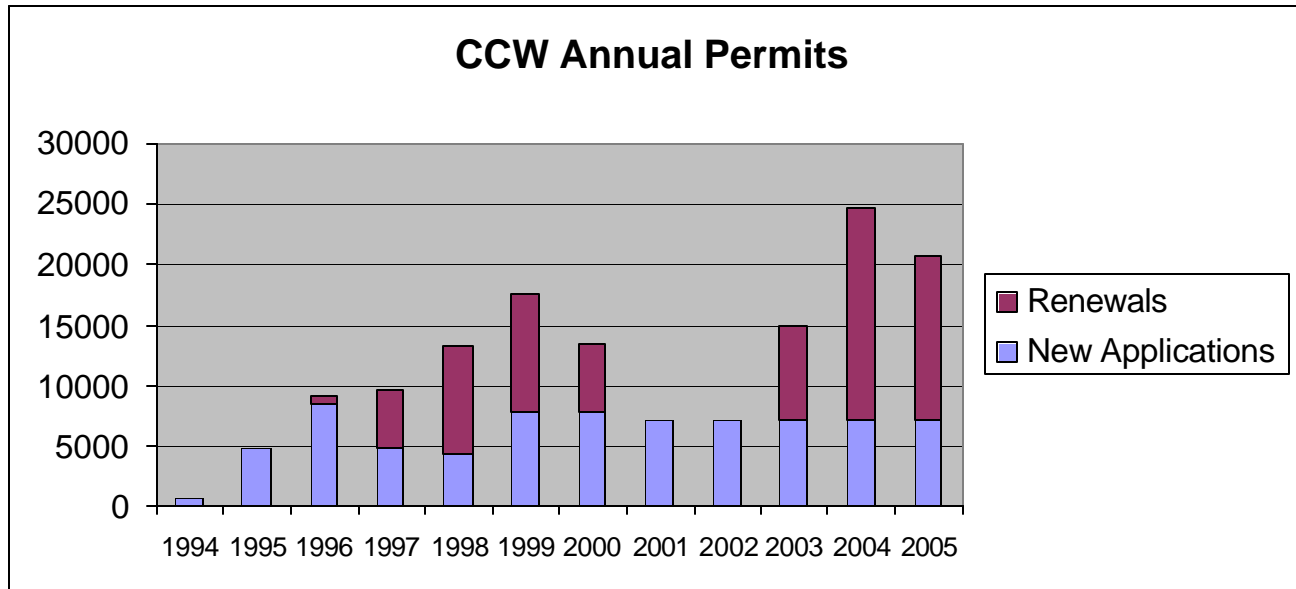
A record of course curriculum, as stated, is the primary method of providing evidence that permit holders have been given, at least, a minimum level of information. Instructors are required to submit a curriculum of their courses prior to being certified. Our review of instructor files found that only 57 percent of the files contained curriculums. BCI does not spend time reviewing the instructors' files and believed that the files were complete. Due to the lack of manpower, BCI does not audit courses and, therefore, does not assess files to compare the actual course with the submitted curriculum. As a result, the state has little evidence that permit holders are receiving the training required by the **Utah Code**.

### **Bureau Workload Demand Will Continue With High Number of Renewals**

During the first few years of the CCW program, the bureau saw tremendous increases in the number of concealed weapons permits issued. As indicated in Figure 3, the bureau issued only 621 CCW permits in 1994. The following year the laws were changed making it easier for citizens to obtain a permit. Applicants were no longer required to show a justifiable reason to carry a concealed weapon. The number of permits issued jumped from 621 to 4,746, an increase of over 660 percent in just one year. In 1996 the bureau again had a significant increase in permits issued, from 4,746 to 8,406 permits, an increase of over 77 percent. In 1997 and 1998 the numbers decreased to 4,876 and 4,220 respectively. Permit applications were up again during the last two years with 7,836 issued in 1999 and approximately 7,800 issued in 2000. The number of permits issued appears to have stabilized at around 7,500-8,000 per year.

We contacted several other states whose CCW programs have been long established to program growth. They indicated their permit applications were fairly stable, with fluctuations occurring only during years when federal gun legislation was pending. Whenever federal gun legislation was pending, there was a surge in firearms purchases and in the numbers of concealed weapons applications. We believe Utah will experience similar stability or perhaps only slight growth in new permit applications. Currently there are over 39,000 valid CCW permits issued. With the program progressing at the current production level, there will be nearly 80,000 permits to monitor and review in 5 years.

**Figure 4. Utah State Concealed Carry Weapon Program (CCW) Permits Issued Annually and Projections.**



*Note: Renewals in 2001 and 2002 are not necessary because the permit period changed from two years to five years.*

The most dramatic growth in the workload will be from renewals of existing permits. As shown in Figure 4, permit renewals can be a significant portion of the total workload. Obviously, there won't be a 100 percent renewal rate but, nevertheless, renewals do comprise a large part of the workload. For example, between 1997-1999 the number of renewals were higher because Utah had a two-year renewal period. In years 2003-2005 the workload for permit renewals would most likely be greater than for new applications. The law enforcement technicians at BCI say that renewals take nearly as much time to process as a new application because the background checks still must be done but renewals bring in only \$10 of revenue instead of \$35 for the same amount of work.

The fluctuation in total permits issued and renewed makes planning for revenue and expenditures critical. We anticipate that revenue will be down in years 2001-02 by approximately \$55,000 each year due to a change in the renewal period from every 2 years to every 5 years. However, in years 2003-05 revenue from permit renewals should return to the same level or higher than in the past, but expenses will also increase at an even greater rate.



## **Some Changes Could Simplify and Improve the CCW Program**

Utah's CCW program is both underfunded and incapable of fully addressing its current mission. Some changes are needed to address these issues. First, the current permit fees do not provide adequate funds to cover the costs of processing the applications. Funding problems can, however, be addressed with a restructuring of the current fee schedule to more accurately reflect actual costs of processing permits and certifications. Second, the program's efficiency and effectiveness can also be addressed by clarifying program goals and objectives. If weapon handling proficiency is not intended to be a goal of the program, it may be possible to eliminate the need for instructors and the subsequent cost of processing instructor certifications. This would also eliminate the existing lack of control over instructor certifications. In addition, addressing some of the issues with out-of-state permits could make the program more equitable.

### **Utah Permit Fees Do Not Address True Costs**

The current fee system for initial applications, renewals and instructor certifications does not accurately reflect the costs involved with processing the applications and maintaining the program as intended by the **Utah Code**. The permit application fees appear to be inadequate and the renewal fees are significantly lower than what is needed to maintain a satisfactory operation. In addition, the instructor certification fees are not sufficient to provide for even a minimal background check as required by law.

**Permit Fees Should Cover the Costs of Processing.** As discussed earlier in this report, permit processing costs exceed the revenue collected from application and renewal fees. This requires the department to subsidize the CCW program with funds budgeted for other purposes. In our opinion, the revenue collected from fees need to be increased in order to operate the program according to the intent of the **Utah Code**.

One solution that would provide additional revenue would be to increase the permit renewal fees. Currently, the renewal fees are set at \$10 every 5 years. The staff at BCI claim that it takes almost as much of their resources and time to process a renewal as a new application. By one analysis, the cost for time and materials for a new permit is nearly \$25. When overhead, postage, and all other costs are considered, the cost is closer to \$35 per

permit. A few other states have permit renewal fees that are equal to the initial application fee. Arizona, for example, charges a \$50 fee for the initial application and the same for the renewal fee every four years. Connecticut also has a renewal fee that is the same amount as the initial application fee. Colorado and Nevada have fees that vary from one county to another with no standards set by the state. However, in El Paso County, Colorado, the permit fee is \$300, which is significantly higher than the permit fees in Utah. In Wyoming, initial fees are \$79 and renewal fees are \$50 every five years. By comparison to other states, the renewal fee in Utah is low.

**Instructor Certification Fees Should Be Increased.** In Utah, there is a one-time fee of \$5 to become a certified instructor. There is no renewal period for instructor certification. An instructor must be at least 21 years of age and must be eligible to possess a firearm based on federal laws. The bureau conducts a complete background check on all instructor applicants to verify that they meet the criteria. The current fee of \$5 is not enough to cover the costs of processing the application, let alone maintain an up-to-date file on each instructor. The current fee for a background check to purchase a firearm is \$7.50. This is a minimal background check that is required by the Brady Bill. BCI's analysis of this more thorough process shows that it costs about \$25 for time and materials to run a background check and process an application. We believe the fees for instructor certifications need to be increased to be more in line with agency costs.

In addition, instructors should be subjected to the same scrutiny and standards as permit holders. Under the present conditions, instructors are not linked to the same database as the permit holders. They don't have the same continual review and updating of their eligibility to possess a firearm because their names are not processed through the criminal justice system like those of the permit holders. The law requires instructors to be eligible to possess a firearm, but once they pass the initial screening there is no further review of their eligibility. We feel this situation needs to be addressed, but the current fee system does not provide enough funding to resolve this issue.

### **Weapon Familiarity Certification Should Be Reviewed**

Examination of CCW instructor files maintained by BCI and interviews with a number of instructors indicate a lack of certification oversight. At present there is no evidence that CCW permit holders are actually taught or understand the state's laws on allowable uses of

deadly force or safe weapons handling techniques. It may be possible to eliminate required course work and initiate a simplified testing program that ensures permit holders have at least a minimum knowledge of applicable state laws and other information deemed important by BCI.

**Utah's Current System Lacks Evidence of Knowledge of Utah Laws.** The only evidence that permit holders have the minimum knowledge required by law is the signature and identification number of a Utah certified instructor on the application form. Lack of BCI funding for this program has all but eliminated instructional auditing and has minimized instructor record keeping. The result is a system that accepts the information received on weapons instruction as true. There is no verification of instructor signatures or identification numbers. Further, there is no verification that instructor's courses address state minimum requirements.

As mentioned earlier, our review of instructor files found critical, required information missing from certified instructor files; most notably, course curriculum outlines were missing from 43 percent of the files reviewed. Some instructors are critical of the program, citing cases of other instructors signing off on applications without the applicant completing any training whatsoever and other examples of minimal course work of questionable value. In one of these three-hour courses, we observed prospective applicants arriving late for the course, coming and going during the course, and sleeping while the course was being taught. In spite of these occurrences and seemingly loose control, all applications were signed by the instructor.

Currently, a wide spectrum of training courses exist that vary from a bare minimum offering intended only to meet the letter of the law to hands-on training designed to improve weapon handling safety and proficiency. Utah's law is not intended to ensure weapon proficiency; its intent is to allow citizens the legal possession of concealed weapons. Minimal courses are designed around the legal requirements and make no pretense as to increased proficiency. This variety of options, combined with BCI's lack of course oversight, means that the state has no real control over what is being taught to prospective CCW permit holders. Interviews with BCI staff and some instructors indicate that the work performed by some instructors may be of little use and offers little evidence of either weapon proficiency or understanding the state's laws.

### **A Minimal Testing Program May Offer Greater Control Than the Current**

**System.** A state-regulated testing program may offer greater control and evidence that applicants have at least an understanding of Utah's laws, use of lethal force, and weapons handling and safety, than the loose system for firearms familiarity instruction now in place. For citizens desiring a permit without gaining weapon handling proficiency, a test system would also lower total costs while ensuring a minimum of applicant knowledge not guaranteed under the current system.

### **Improvements Are Needed in Processing and Updating Out-of-State Permit Holders**

BCI maintains continually updated records (provided by the criminal justice system) on Utah resident CCW permit holders. However, continual updates are not available for out-of-state permit holders. Resident permit holder lists are checked frequently against law enforcement reports and court records, but no such reports are available for out-of-state permit holders. In effect, in-state permit holders receive more oversight than out-of-state permit holders because there is daily contact from the criminal justice system.

An out-of-state permit holder is checked for criminal activity only once every five years. A thorough background check is conducted at the initial application and no further updates are done until five years later, when the permit holder renews his permit. This disparity in oversight begins with the review process for out-of-state applications; some pertinent information is not available to BCI under the current process.

The most notable deviation for out-of-state permit applicants is the lack of domestic violence information. Applicants are not allowed to obtain a permit if there is any indication of domestic violence. This includes any arrests, protective orders and convictions. These records can be found in police reports, on the statewide warrant system, and in criminal records. Since Utah does not have access to police reports or statewide warrant systems from other states, this information is lacking when processing out-of-state permit applications. In effect, BCI accepts out-of-state permit applications as true and correct while verifying the same information for in-state applications. Reducing the out-of-state renewal period and implementing one new step to the approval process could help alleviate this problem with non-resident applicants; require non-residents to provide a statement from the local law enforcement agency where they reside, indicating there is no record of domestic violence or criminal activity in their jurisdiction.

Once processed and approved, out-of-state permit holders receive less oversight than in-state permit holders. BCI cross-checks permit holder files with current in-state criminal history, statewide warrants, and protective orders; thus ensuring in-state permit holders are meeting the stipulations required to retain their permits. There are, however, no checks on criminal activity or arrests records made out-of-state for any permit holders during the five-year life of the permit. BCI has no current means of cross-checking out-of-state permit holder files with arrest activity and protective orders in other states. There is no contact with the permit holder, in other than extreme conditions, until a renewal request is processed.

In summary, Utah's current CCW program does not function to the full intent of the state's law and operates at its current level only because the program is subsidized with funds intended for other purposes. At least \$144,000 in funding would be necessary to eliminate the subsidy, with additional funding necessary for BCI to meet its legislative mandate. Alternatives are available for improving the CCW program so that it can operate within legislated parameters, improve oversight, and lower total costs for permit holders.

## **Recommendations**

1. We recommend the Legislature increase the General Fund appropriation for the CCW program to better address the program's needs.
2. We recommend the Legislature set the fees associated with the CCW program to better reflect actual program administrative and operating costs.
3. We recommend the Legislature examine alternative methods of ensuring CCW permit holders understand relevant state laws such as a standardized test.
4. We recommend that concealed weapons instructors be required to possess a current and valid concealed weapons permit.
5. We recommend that the renewal period for non-resident permit holders be shortened to reflect the fact that non-residents don't have frequent, in-depth eligibility checks.

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We hope that this report has provided the information you desired and will be helpful as you review Utah's State Concealed Carry Weapon Program. If you have any follow-up questions or additional issues you would like addressed, please give us a call. The contact person for this report is Lead Auditor Paul Hicken at 538-1033, extension 119.

Sincerely,

Wayne L. Welsh, CPA  
Auditor General

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