



TO FEE, OR NOT TO FEE

What a Question!

By

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TO FEE, OR NOT TO FEE

- “Governmental jurisdictions in particular have suffered from extensive fiscal problems. The State of Massachusetts was in dire straits financially. Butte County, a rural county in northern California contemplated bankruptcy. The State of California was approximately \$9 billion in debt.”



TO FEE, OR NOT TO FEE

■ 1996!

BALANCED BUDGET:

Revenue must equal Expenses

- Increase fees for existing services
- Streamline business operations through technology
- Establish new fees
- Reduce personnel
- Reduce services
- Eliminate functions



HUMAN RESOURCES BUDGET

- Automate exams, access to information
- Focus on single part assessments
- Use less costly assessments
- Reduce candidate groups
- Do not test as frequently/do not fill vacancies
- Create cost reimbursable cost centers
- Provide services to other public agencies
- Group similar classifications for testing purposes
- Reduce the number of applicant communications
- Test cooperatively
- Extend the life of eligible lists
- Implement applicant fee
- Implement examination fee



JUSTIFICATION FOR CHARGING FEES

- Agencies do not have sufficient money
- Skyrocketing number of applicants for less and less jobs
- Exceptionally high “no show” rates
- Increasing need for more sophistication and accuracy in selection process



FEES ARE NOT A NEW IDEA

- Occupational license fees
- Graduate Record Exam or Law School Aptitude Test
- Many private sector companies charge application fees

HISTORIC PUBLIC SECTOR FEES



- City of Chicago: \$3/\$5 examination fee went to the general fund. Eliminated in 1981
- City of Los Angeles: \$1 fee if application was accepted, receipt was admit slip to exam. Eliminated in 1965



CURRENT TYPES OF FEES

- To file an application
- To obtain a study booklet
- To attend a workshop/orientation
- For fingerprint processing, background check, drug test
- For failure to pass drug test



CURRENT TYPES OF FEES

- To test out-of-area applicants
- To obtain typing or other skills certificates
- For “no shows” at the test site (fee is refunded to those who take the test)
- To cover the cost of test rental
- To cover entire cost of testing and processing applicant



GUIDELINES FOR IMPLEMENTING FEES

- **Q#1: Do you have the legal authority to charge a fee?**
 - Some agencies (eg. State of CA, City of Tacoma, WA) have rules or charter provision prohibiting the charging of fees
 - Others have permissive rules (eg. City of Bellingham)
 - Others (eg. Jackson Ohio) have broad rules that can be construed to allow for fees
 - Others have rules that specifically proscribe fees
 - Majority are silent
 - Seek legal advice!



GUIDELINES FOR IMPLEMENTING FEES

- **Q#2: What is the purpose of charging a fee?**
 - Reduce agency's direct costs
 - Eliminate not seriously committed candidates
 - Recoup out of pocket expenses
 - Recover a portion or all of the overall costs of test administration



GUIDELINES FOR IMPLEMENTING FEES

- **Q#3: What types of exams will be subject to fees?**
 - Limited to police and fire
 - Limited to entry or open exams (where they are not subject to bargaining)
 - Applicable to all exams



GUIDELINES FOR IMPLEMENTING FEES

- **Q#4: What will happen to the money that is collected?**
 - Turned over to the state or other testing agency
 - Provided to HR to offset costs
 - Become part of the general fund



GUIDELINES FOR IMPLEMENTING FEES

- **Q#5: What type of fee will be charged?**
 - To obtain an application or a study booklet
 - To participate in workshop/orientation
 - To cover the costs of test and/or facility rental
 - “No shows” only
 - Skills certificate
 - To cover the entire cost of test administration



GUIDELINES FOR IMPLEMENTING FEES

- **Q#6: How much should the fee be?**
 - Tied directly to the purpose and type of fee
 - Small end: \$.50 to \$3
 - Many charge \$5
 - Most charge \$10-\$20
 - Large end: \$25-\$50



GUIDELINES FOR IMPLEMENTING FEES

- **Q#7: When is the fee to be paid?**
 - Depends upon whether refunds will be granted
 - Fee for application is paid at time of receipt of form (no refunds are possible)
 - Fee for examination is paid by final file date
 - Other options: pay before 1st test; pay at the test; pay before the eligible list



GUIDELINES FOR IMPLEMENTING FEES

- **Q#8: Under what circumstances (if any) will refunds be made?**
 - If the agency cancels the test
 - If the applicant does not meet minimum qualifications (can avoid by file in person, instant screening)
 - If an unexpected family death or military obligation
 - If an applicant does not show for the test



GUIDELINES FOR IMPLEMENTING FEES

- **Q#9: How is the fee to be paid?**
 - Personal check, money order, cash, cashier's check
 - Policy is related to dollar amount



GUIDELINES FOR IMPLEMENTING FEES

- **Q#10: Will the presence of a fee have a negative impact on an agency's diversity efforts?**
 - None reported negative effect
 - One reported increased representation



GUIDELINES FOR IMPLEMENTING FEES

- **Q#11: Will there be a process to waive the fee for persons who are unable to pay? Is the waiver process publicized? Are individuals required to show proof of inability to pay?**
 - Some have no waiver but would consider if the need arose
 - Many have waiver process; of these two thirds do not require proof and one third does
 - All report that the issue does not come up often (maybe 5%)



GUIDELINES FOR IMPLEMENTING FEES

- **Q#12: What is the public reaction to the implementation of fees?**
 - Those who have implemented fees report little adverse public reaction
 - Reaction of employees must also be considered if applied to promotional exams (subject to bargaining process)



GUIDELINES FOR IMPLEMENTING FEES

- **Q#13: Does the existence of a fee affect the “no show” rate at examinations?**
 - Varies widely among agencies from almost 0% to 30%
 - Clearly, there is a reduction in the overall number of applicants



GUIDELINES FOR IMPLEMENTING FEES

- **Q#14: How much money is generated from a fee process?**
 - Depends on the amount of the fee, and the number and size of exams where the fee is applied



GUIDELINES FOR IMPLEMENTING FEES

- **Q#15: How long have jurisdictions been collecting fees?**
 - During study, answer varied from 0 to 10 years



EXAMPLES OF FEE PROGRAMS

- A large number of rural and small cities and counties in the State of Washington (to recover the cost of test rental): examination fee and payment procedures are casual



EXAMPLES OF FEE PROGRAMS

- City of Lake Forest, Illinois charges a fee to address wasted recourses; fee is payable at an orientation during which applications are given out; no refunds for not meeting minimum qualifications; when test papers are turned in, fee is refunded.



EXAMPLES OF FEE PROGRAMS

- Cook County, Illinois has by law charged a fee since 1897. Applicants purchase a filing fee stamp which is affixed to application and canceled by staff when application is filed.



EXAMPLES OF FEE PROGRAMS

- Village of Schaumburg, Illinois: true application fee; no refunds
- City of Cleveland Heights, Ohio: applications are immediately reviewed upon receipt; only those meeting minimum qualifications pay a fee to receive a study guide



EXAMPLES OF FEE PROGRAMS

- City of Jackson, Ohio: small application plus a moderate examination fee
- City of Woodland, California: discretion to decide before each exam whether to charge a fee
- City of Sacramento, County of Sacramento, Sacramento Superior and Municipal Courts cooperatively test for clericals and have transferred processing of applicants to the testing agency that collects fees to offset their costs; agency posts notice of testing for a position; Interested applicants submit test scores that are arrayed and a pass point set



EXAMPLES OF FEE PROGRAMS

- State of New York: highly centralized system-test for almost all local agencies as well as state: application fee for all open exams that is refunded for failure to meet minimum qualifications; local agencies often impose their own additional fee
- State of Massachusetts program is similar



EXAMPLES OF FEE PROGRAMS

- City of New York City: fee applies to all open and promotional exams (to date employee unions have been unsuccessful negotiating city payment of employee fees)
- Chemung County, New York: similar program; however, 3 bargaining units have successfully negotiated county payment of employee fees



EXAMPLES of FEE PROGRAMS

- State of Oklahoma (proposal at time of study): envisioned a split of revenue between HR and the general fund
- COPS (Centralized Organization for Police Selection): consortium of 18 agencies in the Denver area that funds itself partially by dues from member agencies and partially through applicant fees



FOR MORE INFORMATION

- Public Personnel Management, Vol. 25
No. 2 (Summer, 1996)
- IPMA Benchmarking Survey

QUESTIONS?

