

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

29 October 2018 / Choisir la date de la reunion.

Submitted by / Soumis par:

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SUBJECT: BACKGROUND CHECK FEE STRUCTURE

OBJET: TARIFICATION DE LA VÉRIFICATION DES ANTÉCÉDENTS

REPORT RECOMMENDATIONS

That the Board adopt one of the full-cost recovery options outlined in the report for implementation on 1 January 2019.

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers adopte l'une des solutions de recouvrement intégral des coûts exposées dans le rapport aux fins de mise en place le 1^{er} janvier 2019.

BACKGROUND

At the May Board meeting staff made a presentation outlining the background check service offered by the Ottawa Police Service (OPS) (Document 1). The three levels of background checks provided by OPS under the LEARN Guidelines were identified and the current rates were listed. The level of fees charged in other police jurisdictions were presented as a market comparison. The significant improvements to the service since the implementation of the on-line background check service was introduced last year were discussed.

The May report showed that roughly 68% of checks are completed for employment purposes and 32% are for volunteering. Most customers are adults (88%), with seniors (2%) and youth (10%) representing a very small customer base.

The report provided fee options to fully recover the cost of the background check service. This is a user pay approach which ensures that the cost of the service is borne by the users of the service. A full cost recovery approach is also necessary in order for the Board to realize the revenue estimates built into the 2017 / 2018 budgets. The 2018 budget included \$2.4 million of additional revenue for full cost recovery. The full cost strategy is one of the key ways in which the 2% budget guideline was attained in those years.

Staff committed to undertaking consultations on the fee options, which occurred in June and July.

This report summarizes the consultations and outlines two full-cost recovery options and a status quo recovery option for the Board's consideration. Staff are recommending that a full-cost recovery option be adopted, for implementation on January 1, 2019.

DISCUSSION

Cost of Service

The OPS processes over 75,000 background checks per year using 11 staff and an on-line system that enables the applicant to process all stages of the transaction electronically. More than 50% of applicants complete their record check on-line and have their results within 24 to 48 hours. About 20% of customers complete most of the steps on-line, but make an in-person visit to complete payment or verify their identification. The remainder (30%) are walk-in customers who wait just under an hour to be served in person, and complete the transaction in roughly 7 minutes.

The analysis provided in the May Board report shows that the cost to produce a background check is \$63. When all direct and indirect costs are taken into account (staffing, information management and technology, facilities) the total cost of the background check service is \$4,725,000. Based on a volume of 75,000 transactions, the cost per transaction is \$63 on average.

Cost Recovery Options

Three options are presented for consideration. Two provide for full cost recovery, the third is a status quo approach. All are summarized in the table below.

Option 1: Full Cost Recovery – Volunteers pay \$0

Under this option volunteer checks remain free and the full cost of the background check service is borne by those seeking employment checks who pay \$90. This option

was the most favoured one tested in the consultation exercise, with 64% of respondents ranking it as their choice for full-cost recovery. It recovers the full cost of the background service and aligns with the budget estimates.

Option 2: Full Cost Recovery – Volunteers pay \$10

Under this option volunteers are charged \$10 for a background check and customers seeking an employment check pay \$85. Volunteers bear a portion of the background check service costs under this option. It is the second most favored full-cost recovery option tested in the consultation exercise, but only 13% of respondents chose it. This option recovers the full cost of the background service and aligns with the budget estimates.

Option 3: Partial Cost Recovery – Status Quo - Volunteer Pays \$0

This option maintains the current fee structure. Checks for volunteers are free, and customers seeking an employment check pay either \$15 or \$50 depending on the level of the check requested. This option recovers roughly half of the cost of the service. It does not generate enough revenue to match the budget estimates and will create a budget pressure of roughly \$2.4 million in 2019.

Fee Options	Employment	Volunteer
1: Full-Cost Recovery		
• All Levels	\$90	\$0
2: Full-Cost Recovery		
• All Levels	\$85	\$10
3. Status Quo		
• Level 1	\$50	\$0
• Level 2 and 3	\$15	\$0

Implementation Date

The implementation date for all options is January 1 2019. This interval will provide the time needed to communicate the Board's decision to stakeholders and to make the necessary adjustment to forms and systems. It will also add a pressure to the 2018 deficit of \$0.4 million.

CONSULTATION

Survey

The fee structure survey was posted on the Ottawa Police website on June 27, 2018 for a two week period ending July 12, 2018. Corporate Communications sent notifications through social media to Twitter and Facebook with the survey link. The Records Manager and Background Clearance Supervisor sent emails including the survey link to all of the major contacts in the employment and volunteer sector requesting that they fan out the survey to their membership.

The survey consisted of 7 questions looking for feedback on support for a cost recovery model for all records check applicants including feedback on: volunteers assuming a portion of the costs, employees assuming the total costs, exemptions, who should pay for the service, and 5 cost recovery fee options.

Results

- 2,946 surveys were completed
- 70% of respondents do not support cost recovery for all applicants
- 69% do not think volunteers should pay a portion of the cost
- Less than 10% felt that students and seniors should be exempt from fees
- 38% felt that employees should pay the full cost including the volunteer portion
- Many respondents felt that the City, taxpayers, different levels of government and the police service should cover the cost of the fees.

The full-cost recovery options were ranked by respondents in the following order:

1896 or 64%	Employee pays \$90. Volunteer pays \$0
373 or 13%	Employee pays \$85. Volunteer pays \$10
259 or 9%	Employee pays \$80. Volunteer pays \$20
248 or 8%	Employee pays \$75. Volunteer pays \$25
170 or 6%	Employee pays \$63. Volunteer pays \$63

The survey indicates that the community is not in support of charging a fee for volunteer records checks. A large portion of respondents indicated that there was minimal work involved in completing records checks and that the city and police service should absorb the fees, when in fact a great deal of work and investment of technology and staff time is required to conduct proper checks in line with provincial standards.

FINANCIAL IMPLICATIONS

The 2017/2018 budgets were built on the assumption that a full-cost recovery fee structure would be adopted by the Board, generating an additional \$2.4 million of

revenue to be applied to the budget. This strategy helped to meet the 2% budget guideline for those years.

The budget impact of each option has been outlined above. By selecting a full cost recovery option the Board can ensure that no additional pressure will fall to the 2019 budget. A 1% increase in the police tax rate is roughly \$2.4 million.

SUPPORTING DOCUMENTATION

Not applicable

CONCLUSION

Background checks are an important aspect of volunteer and employment screening. The current fee structure only partially recovers the full cost of providing this service to the public, leaving \$2.4 million to be bourn by the police tax rate. A full-cost recovery approach will enable the Board to fulfil the revenue estimates built into the 2018 budget and ensure that users pay the cost of the service.

Document 1

Background Check Services Update and Fee Proposal – Police Services Board May 28, 2018