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Looking Back in Order to Look Forward

Many times as I write articles for fire magazines, I find myself reflecting as much on the past as I do in the present. One of the reasons for this is the fact that I have been doing this for so many decades that I have now seen the cycle of life repeat itself several times. I know this is hard sometimes for younger people to appreciate but having a sense of what has happened in the past can reduce the level of anxiety when confronted with crisis in the present. Nowhere is this phenomenon more important than in the field of fire service budgeting and finance. We are currently experiencing a severe economic event that is having a profound effect on the level of service.

Today we are assembled to speak to the issue of how to increase the fire services use of Class A Foam Systems. In conversation with those in attendance here, I have already discovered a level of anxiety about the future of adopting this technology. This is because it is a technology that has a cost factor and in times of economic stress it is easy for people to declare that they don't need to invest in new technology. We have had a very bad time of it for the last two years. It has been manifested in reduced capital expenditures and in some cases staffing reductions. Class A Foam technology is like every other technology that is introduced into our profession. It will be accepted by some, rejected by others, but will remain viable as long as there are advocates who support its use. That however does not diminish the stress and strains of justifying budgets. What it does generate is a need to overcome the inertia of this crisis and go forward with a better plan to get communities to invest in the technology.

Have you felt this pressure? How have you experienced it? What is it about this experience that you feel makes it unique to now? One of the problems with the passage of time is that organizations lose their memory about how things used to be. While the fire service has a track record of documenting its history of fire incidents and the actions of individual heroes on those incidents, we sometimes lose track of the other conditions that affect the fire department, such as the political environment. That is the purpose of the title of this article. Perhaps we ought to look backwards in order to look forward. It goes without saying but we must say it, that we are in some serious economic times right now. Before we feel too sorry for ourselves, read this poem that I recently acquired that talks about how firefighters felt in 1879.

"When fire is cried and danger is neigh, "God and the firemen" is the people's cry; But when 'tis out and all things righted, God is forgotten and the firemen slighted." - Author unknown, from The Fireman's Journal, 18 Oct 1879.

When it comes to dealing with the economics of fire protection, we have to recognize that the public is fickle and politicians are mercurial. When everything is falling apart in the community, they love us. As I am preparing this article, I am viewing a Dodge commercial where they are showing firefighters along with all of their toughness in hopes of selling pickup trucks. How many commercials have you seen



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recently that show firefighters hoping to link the image of a product with the public's favorable opinion of us? Compare that to the tirade going on in the City of Sacramento over the fact that the fire department suggested a cost recovery program regarding automobile crashes. The dialogue level about that issue verges on hysteria, when in effect; fire department cost recovery funding ordinances have been around since the 1980s. In fact, if we go back to the early days in the 1700s, fire marks were attached to buildings to demonstrate which insurance company was going to pay the price for fire suppression.

This calls for what I define as "counter factual reflection". When it comes to justifying a fire departments budget and/or any of its specific programs, we cannot afford to base it on the image of the last disaster. We have been accused of selling the sorrow instead of the sizzle. The image that I referred to in that poem is just as true today as it was in 1879. When balancing budgets, the argument is not over whom America's hero is, but rather how many heroes can we afford.

To prove this point, Jonathan Waters writing in *Governing Magazine* 2010 states, "In small and large cities alike, firefighters have gone from heroes to budget bait." The proof is in the actions currently being taken in those small and large cities where fire department budgets have been reduced significantly. Once again, we ought to heed the words of the past. A wise old man once said; "in this world nothing could be said to be certain, except death and taxes". If you were a student of Franklin, you will recognize that message from *Poor Richards Almanac* back before we were even a country.

Here is one reality for you. Local governments are facing a fiscal crunch. Is this new? In my library I have a document that states, "The Advisory Commission on Intergovernmental Relations, in a report entitled "City Financial Emergencies': The Intergovernmental Dimension", found that: "Cities have the expenditure problems in our system today. It is in cities that are found outdated capital facilities, demands for increased services for minorities and poor persons, worn out equipment, the inability to exceed debt ceilings, citizen tax rebellions, competition with other governmental units for State and local revenue resources, and a general inability to make the revenue resources stretch to fit the expenditures mandated by the state and demanded by the people."

You will notice in the previous paragraph that I deleted the date. The four x's stand for a year. What year were those proclamations of gloom and doom? The answer is 1974. That was 37 years ago. That is almost four decades in which we have had a warning that there could be a day of reckoning for all of us. Once again, reflecting on the image of the fire service, I don't think there can be any doubt that America love's it s firefighters. But when it comes to budget time, they also love the cops, the parks, the streets, garbage pick-up, recreation programs and medical services to the elderly and indigent.

Most communities only have three choices when revenue expectations are reduced:

1. Lower the level of service provided



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2. Increase taxes that they have control over
 3. Bill those who are using their services for an incremental share of what it costs to provide those services.

Option 1, is distasteful to the fire service. Option 2, is distasteful to the homeowner and business owner. Option 3, is distasteful to politicians. Therefore, we have to be prepared as a profession to justify our existence in hopes that we can maintain our level of service, obtain cooperation from the taxpaying public and get the politicians to do the right thing.

The word justify is defined as “to show, to be just or right; to defend or uphold as warranted as well grounded; to make a line of type, a desired length by spacing the words and letters so that there are even margins on the left and right. In law, justify means, to show a satisfactory reason or excuse for something done.

That may be what it says in the dictionary but when we talk about justification in the fire service, it means obtaining support for a course of action you wish to follow that results in some form of measurable benefit to the recipients of that service. The shorthand word for justify in government jargon is often phrased as cost versus benefit. Unfortunately, cost versus benefit has both an informal approach and formal approach. Informally, people throw that phrase around all the time without giving it any meaning that is specific. On the other hand, it is often used to support a decision to delete functions from government budgets by stating that the cost benefit analysis does not justify the expenditure. Under both definitions, the process involves explicating or implicitly weighing the total expected cost against the total expected benefits of one or more actions in order to chose the best (or in the business world, the most profitable option).

The basic theory of cost versus benefit is that all benefits and all costs are expressed in financial terms. In other words, dollars spent and dollars saved or invested in an outcome.

I would like to make the argument that we are almost the best in the world at defining how much it costs to provide fire protection but we are still in the amateur stage in being able to demonstrate the financial impact of service reductions. What would happen if we reversed the terms and placed benefits first? What if we talked initially about optimizing social and environmental impacts as being value to our community? And then, we started talking about costs. Let’s give the label to this as “benefit cost analysis”.

When we talk about a budget for fire protection, we are talking about the level of effort. Level of Effort is defined as the amount of cost per capita to provide a specific level of service. Generally speaking, fire protection is like an insurance policy. One does not reap its benefit until it is used. Generally, then, fire protection is a benefit to a community that needs to be accepted as having a certain level of cost. This is a description of “BCA”. This definition provides that a correlation between the financial aspects have to



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be compared to the social impacts of fire protection. In short, building and staffing a new fire station costs money. The benefits are reflected in performance. The taxpayer measures performance at the time of an emergency not at the time they pay their tax bill.

When it comes to arguing at the budget table, both CBA and BCA attempt to quantify all the positive factors as benefits. In both cases, arguments are made to identify, quantify and subtract all negative factors. In short, if you start by asking how much something costs, it is easy to say that is too expensive. But if you start with what are we here to accomplish, then costs immediately transfer into level of service.

In order for a fire agency to be cost effective, it needs to provide the highest level of service at the lowest possible cost. This is often reflected in documents having nothing to do with the budget. This is where master plans, strategic plans, and standards of cover come into play. This is where performance measurement and accountability all come into play. This is where risk analysis rises to the level of statistical reality.

Everybody has seen the frequency versus consequence chart that talks about the four quadrants of risk analysis. What very few people take the time to do is to put numbers to those risk factors when it comes to talking about the benefits to a community to having an adequately trained, adequately staffed and properly lead fire service organization. Instead, we focus on the cost of the budget and ask the rhetorical question, what can we cut? That model however, can also be replaced with four other quadrants. The following table illustrates this point.

High per capita cost and a very low level of service. This is characterized by a department that has a high per capita cost (at state or national averages or above) and provides a minimum staffing and lengthy response time.	High per capita cost and a high level of service. This is characterized by a department that has a high per capita cost (at the 75 th percentile or above) and provides rapid response times and effective response force to meet high risk levels.
Low per capita cost and low level of service. This is characterized by a department that has a low per capita cost (less than average) and provides minimal staffing and lengthy response times.	Low per capita and high level of service. This is characterized by a department that has an average or below per capita cost and provides both rapid response times and an effective response force equal to risk levels.

This model illustrates that the cost axis on the left goes from minimum to high level expenditure. The lower axis goes from a minimum to a high level of service.

In essence, this model illustrates that every budget decision moves a department within this model in one direction or the other. Every alternative that is proposed for the fire service has two distinct



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dimensions to it. The first is whether or not the fire department has done a satisfactory job of explaining to the community what risk factors are involved and what benefits there are to the fire departments policies and practices in terms of benefits to the tax payers. This is then contrasted with the public's willingness or reluctance to pay for them.

Earlier in this article, I used the term counterfactual reflection. Science Daily¹, a research organization, states that there is a direct link between counterfactual reflection and long term organizational success. In summary, their scientific findings state that the more you know about where you have come from, the better off you are in determining where you are going. The challenge for the fire service is to keep one eye on that institutional memory and continue to develop a more sophisticated model for measuring our effectiveness and efficiencies. We have often been accused of defending traditional ways of doing things merely because it is the way we have always done them. There is little documentation on what our different programs mean in terms of specific benefits that a taxpayer can relate to. Whose fault is that? Us or the taxpayer?

The Federal Emergency Management Agency² (FEMA) and the National Commission on Children and Disasters recently authored a document that makes a profound statement. Half of the children killed in fires are under the age of 5. How many 5 year olds do you have in your community? There are multiple other documents that support the idea that there are measurable outcomes that we should be articulating out there. We know that smoke detectors and residential sprinklers save lives. The challenge for us is to start putting numbers to these benefits and have them so well documented in our local setting that they are authoritative and irrefutable. Vision 20/20 is currently working diligently to more clearly define the concept of integrated risk management for the fire service. This committee's work focuses on identifying fire risks at the operational level, i.e. at the fire station level. They are focusing on measuring and prioritizing the risks to be addressed. And then, they are proposing a concept of coordinating both prevention and fire suppression to reduce those risks. Here is a question to end the article. How many fire departments and their operations divisions and fire prevention divisions are working hand in hand to create an integrated risk management profile for their community? I already know the answer. Not enough.

In the past, local governments have been forced to set their own priorities, goals and objectives and to set the level of service. They will continue doing just exactly that. There will be departments that will stay suppressed for many years, maybe decades. Local government is continuing to fight to control their programs so that the level of effort is more under their control. Just like in the past, they will probably

¹ Looking Back Key to Moving Forward: Counterfactual Reflection is Critical to Institutional Prosperity, Study Finds, Science Daily, July 3rd, 1910

² Fire Risk to Children in 2007, Topical Fire Report Series, Volume 11, Issue 9, February 2011



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restore budgets when the economy comes back. But, don't expect it to happen automatically. You must be more proactive.

Lastly, George Santayana (1863 – 1952) stated it succinctly when he reminded us that those that cannot remember the past are condemned to repeat it. We have a choice. If we remain wallowing in self pity over what has happened to us in the budget battle, the recovery period is going to be long and painful. The best form of organizational therapy that we can engage in today is to be more proactive in defining; measuring and accounting for the benefits we bring to our community. This maybe the end of this article, but it is certainly not an end to the fire service.

As we look at the technology being discussed today, i.e. Class A Foam, we need to keep in mind that in spite of its maturation over a twenty year period, it is still part of the early adoption phase in most fire agencies. We need to focus more on proving how this technology improves our operations reducing loss of life and property and doing a better job of protecting firefighters if we expect to win the budget battles.