



# ***CHIEF'S FILE CABINET***

***Ronny J. Coleman***

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## Head on Collision

What happens when an irresistible force meets an immovable object? That question has definitely been asked before – but the answer has never been resolved in all of the contexts in which it could apply. In some cases the irresistible force wins; in some cases the immovable objects remains unmoved. In some cases both the energy and the object are obliterated in a catastrophic event.

In the best of circumstances putting these two into a collision course should be avoided. If they cannot be avoided, then someone better be ready to pick up the pieces.

This phenomenon is beginning to occur in our world too. The two opposing forces are not quite as visual as the block will and lightning bolt image we used before, but it is very real, nonetheless.

The two items are the rising costs of providing fire protection services and increasingly difficult times in funding the desired levels of service that are being anticipated in our communities. This column is part of two part series of looking at the the real world of fire protection funding. The need for a skill set for planning the costs of is on the increase. The obvious increase, based upon the inflation on our basic costs of providing an infrastructure, is not hard to predict. But, there is an increasing demand to fund incremental elements such as salary increases, retirement, and health benefits that are based upon processes that are much less predictable. The not so obvious element is that tax bases, revenue streams and redirection of state and federal programs are paralyzing the process of assuring the future are constantly under attack.

Says who? You could say that in some cases fire agencies are facing unprecedented increases as they cope with growth. Other places are so removed from the phenomena that fire protection costs are not an issue because they are not even provided. So, I will say, this phenomenon exists whenever and wherever, a fire agency is told to either “hold the line” on the budget, or worse yet, informed that they will need to reduce their budgets.

This article may well be ignored by the former and fortunate agencies. It may well be read with dismay by the latter because it offers little in the way of resolution. But, it should be of interest to all agencies that plan on being around in about 5 to 10 years from now, for that is when that collision course is likely to occur. Those experiencing difficulties today are just less lucky than others.

This next statement I think may aggravate some people, but I dare anyone to disprove it. As if this year we are spending more dollars on fire protection than any time in the history of the fire service. Our industry, our profession is multi-billion dollar enterprise that is literally spread out across the nation as a



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fundamental franchise of local government. Some of these franchises are successful, some are barely making it, some are bankrupt, and yet we act as if we are all doing ok, just send more money.

So, you might ask, how much money should we be spending on fire protection? So, I might answer back, how much do you want to spend? And, we are at a stand-off. You don't know how much to ask for and I don't know if I am willing to pay the bill. Therein lays the most fundamental aspect of why this problem is going to occur over and over again in local government. We, as a profession, lack a basic answer that is replicated from one area to another.

Nor is it likely to ever be. For the most basic element of fire protection is the idea that it almost always provided by local government – or in some cases it simply isn't provided by local government at all. The range of expenditure that is provided to fire agencies ranges from zero to some sums that are on the par with running a Fortune 500 company.

If we ever expect to have one standard for fire protection we had best be ready to give up on the idea that it will be based on local options. That is both the blessing and the curse of our profession – we want to have it both ways and you cannot.

The lesson in all of this is that the economics of fire protection is that one size does not fit all. The second lesson is that several sizes are needed. The third lesson is that regardless of which size is chosen you cannot get more than you can afford. The fourth lesson is that if you are not paying attention to lesson three, lesson four is really painful.

Before we explore the implication of these lessons, let's take a flight of fantasy and create a hypothetical model for testing our theory that money can solve all of our problems.

Right now there are about 200 million people in the United States. They are scattered out across 50 states in a wide variety of concentration and configuration. You live and work where you want to – and so do most other people. That's called "choices" and is an excellent example of what a democracy provides us with is the way of quality of life.

Remember what I said about the level of funding for fire protection earlier. Some places put dollars in a pot and call that taxes that are to be used to provide all sorts of services. The main thing we know about that phenomena is that people want services, but in general hate taxes. Hence, some places spend a lot to get a lot; other places spend a little and expect even less.

Let's imagine as long as we are fantasizing that everyone in the county really, really wants the same level of fire protection. They don't of course, but that is a fantasy.



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How much money could one population dump into that proverbial pot? The term for that decision is called the “per capita” contribution and it means how much per person. If, we were to assess every human being in the United States one dollar per person for fire protection it would generate about 300 million dollars. For every dollar more it would increase, i.e., 5 dollars would be 150 million dollars, etc.

So, let's wake up from our fantasy for a few moments and ask really mundane questions. What are your current per capita costs for fire protection? If you know, great. If you don't know, go figure it out right now. It's important for that per capita number is one of the best clues you can have in predicting how close you may be to judgment day.

Back to our fantasy for a moment. I mentioned earlier that there are fire agencies that are well funded and they are on the upper end of the per capita range. According to several different research projects in comparability in fire agencies the costs for some agencies is now in excess of 150.00 per capita. Close our eyes again and get to the tax collector and ask for 150.00 from every man, woman and child in the county and you have a pretty healthy war chest. Billions in fact. Billions of dollars with a task of giving back to everyone the same level of service.

Do you think that it can be done? Well, again we need to retreat from the monetary trip fantasy and explore the reality of how service is actually delivered. The answer is very, very complicated. That is why the one size fits all solution defies resolution. That's where the second reality began to sink in. You can't spend more than you have. Let's imagine a small enclave in some rural area where 1,000 souls reside. If our government was able to extract the \$150.00 from them, they still couldn't afford much. In fact those 1,000 souls would, even if they pay the same as everyone also could only afford \$150,000 of fire protection and that is certainly not going to provide 4 people on-duty 24-7, unless those 12 people can live on 12,500 per year salary and benefits.

But, wait, what about having a volunteer department? Of course, that's been a solution for over 250 years in some areas. The dilemma is that a lot of places where they have those volunteers are absolutely adamant that they won't pay “city slicker taxes— they want the service for free.

In our magical world of forced per capita we couldn't afford one size fits all if we tried. It's impossible. That is the reality of the economics of fire protection.

Lesson one is over. Lesson two is over. Lesson three is now on the table. Let us imagine that we are successful in getting our community to weigh in with an adjusted revenue to provide a specific level of service. When that happens we are then faced with a totally different need. That need is to assure sustainability of that level of service.



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This is where the potential collision course can be created. Achieving this level of community commitment cannot be taken for granted. Sustaining service levels should not be taken for granted either. Yet it is. We are all guilty of it. Ask yourself this question; when was the last time you expected to get less in your budget than you got last year.

Yeah, yeah! I hear you guys that it has happened to, but I'm talking to the ones that are still living large with their budgets.

Slipping back into our fantasy sequence again, what if I told you that you would be guaranteed that amount forever, but that you could never exceed it? And that the reason you will never be allowed to exceed it is that someone, somewhere, has decided that the number of 150.00 per capita is our fair share of taxes – and that our sister and brotherly entities such as law enforcement, public utilities, etc., have a similar stipend and the only way you can get more is to take it away from each other. In short, the pie is cut up, eat your share, but don't ask for more.

Based upon that realization you can draw some conclusions for past practices of local government that are pretty straightforward. On average, law enforcement budgets are about 100 percent larger than what fire budgets are. Combined police and fire together are usually between 50-55% of all local government budgets. If those baselines are true, and if we were to get our 150 per capita, the cops would want 300 and everyone else would be fighting over what is left. The property tax tab could be about \$1,000 per capita. Enter the reality of the US Census and we find out that the average household size in this country has about 2.39 people. It follows that the family would be putting 2,390 a year in an envelope and sent it on to the tax collector. And, by the way, the median income nationally right now is about 35,000 per year.

We, meaning us, are asking for about 7% of the gross income, of the average taxpayer. Do you think that they are interested in giving us more? Do you think that our brethren in government want to give up their "fair share" so that we can get what we want?

So now we are actually facing the collision course. In the simplest of graphics it would work like this. If costs increase and revenue are flat there is a point where are interested.

At any given point in time any given fire agency will be on the verge of exceeding the public's support level. If you know it, you are much better off than not knowing it.

And, if you were in almost any business besides government you would be an expert on supply and demand. A McDonald franchise owner knows that income must exceed expenditure, etc. So what's the big deal here?



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None, if you don't have a problem. A great deal if you have a problem and don't know it yet. A really big deal if you are part of the problem and don't know why.

Our previous discussion about the fantasy funding is reality in your world. You have a per capita figure and it will change over time. And, there are economies indicatively linked to it. My proposed solution to this phenomenon is based upon a fire agency having a well-developed understanding of the economics indicated in a community. I am not going to talk about how much you have to spend. I am going to focus on how much you can expect to be available to spend.

This decision starts with 3 things. Growth, taxes, and jobs. That involves property , population and priorities. More on that next month.