



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

***Ronny J. Coleman***

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Public Policy and Risk Management; Contradiction in Action

One cannot pick up a newspaper or a magazine today without reading an article about the current state of public finance. It's a mess. Everywhere you turn there are reductions being contemplated in the allocation of public resources to provide governmental services? One might say that the long anticipated phenomena of increasing costs of government in the face of reduced revenues crossing over on another has finally arrived. The relationship of revenue from taxes and costs of providing services has finally imploded. This is especially true at the local government level. This is a day of reckoning, one might say.

So, what is the solution to all of this being suggested by those who are responsible to set public policy? Reduce costs is the normal recommendation. It is almost a battle cry. Another is to raise taxes. The people who vote on such issues seem badly divided on which to do. And in order to do either, public policy makers must make a lot of difficult choices. Everyone is taking sides.

One of the main public policy strategies has been to reduce the benefits and salaries and even the numbers of public employees that have been compensated over the last decade when taxes were on a seemingly skyward projection, without any sense of limits. This, of course, has created a great deal of consternation in the public employees that are directly impacted by such rollbacks. The same politicians that granted these benefits are now blaming the recipients of those benefits for the fact that they are no longer sustainable. I am reminded of the old adage that if you point your forefinger at someone in placing blame, there are four fingers pointing back to you to illustrate true responsibility. Employees asked for and were granted those benefits based upon faulty logic about their sustainability. Who was in charge of making the calculations? Who granted them? Now the price is being paid for that decision. And guess who the politicians want to blame; the employees.

But this is not the only example of faulty logic. Now it appears that those that make public policy are also recognizing that they need to roll back the discretionary costs of government that have been imposed over these same decades. This has taken form in the creation of fees, permits and finance and other financial impacts that were created to sidestep the natural resistance to increasing taxes. Many of these costs have been generated in the Post Proposition 13 and other tax limiting acts during an era of tax revolt. They were intended to replace the tax revenue that wasn't there. The process was sort of like a shell game. The bureaucracy was not to be denied the income and these backdoor permits and fees sometimes grew faster than the tax revenues they replaced. That has caused another day of reckoning. Rolling back these fees and charges is under attack. Again, who voted to do that?

But a more insidious step has been taken by the political framework that fly's in the face of logic. That decision is to start removing risk mitigation costs from the construction and development of future



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sources of growth and development as an economic incentive. What I am referring to is to roll back the fire protection features that the codes and standards have been developing over this same time frame.

To use a cliché, this is simply penny wise and pound foolish, and, for good reason.

Modern fire protection is now based upon a concept of risk management. **Risk management** is the identification, assessment, and prioritization of risks (as defined in ISO 31000) as *the effect of uncertainty on objectives*, whether positive or negative) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.<sup>1</sup>

Why has the fire service spent the last 25 years developing alternatives to reduce the risk to fire, if the politicians are now going to treat that component as “unnecessary” and start removing them as an economic incentive? Are we about to see a reversal of public policy that will have even great costs in the future than the unintended impact of runaway employee benefits have in the present?

For the most part, these methods consist of the following elements, performed, more or less, in the following order.

1. Identify, characterize, and assess threats
2. Assess the vulnerability of critical assets to specific threats
3. Determine the risk (i.e. the expected likelihood and consequences of specific types of attacks on specific assets)
4. Identify ways to reduce those risks
5. Prioritize risk reduction measures based on a strategy.<sup>2</sup>

Public policy makers must be totally unaware of the provisions of Community Risk Reduction as a public choice, if they continue with removing risk mitigation components that are part of this economics discussion. Fire safety efforts continue to be under-funded and under staffed in most fire departments, in spite of the contentions of those trying to roll back employee benefits. They are not even the same issue.

The simplest explanation I can give here is that if you remove risk mitigation from the development process you are imposing a cost upon the government to provide manual fire suppression forces that are going to tap the tax revenue resources of local government. You cannot steal from Peter unless you pay Paul. I recall a text I read when I was taking Public Administration classes entitled ‘Private Wants and

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<sup>1</sup> Risk management definition, Wikipedia,

<sup>2</sup> *ibid*



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Public Needs: Issues Surrounding The Size and Scope of Government Expenditure.<sup>3</sup> Words of warning were being issue that long ago. It seems that no one was listening.

Today the federal government is putting resources into the process of creating Community Risk Reduction (CRR) as part of managing risks. "With funding from the U.S. Department of Homeland Security Assistance to Fire Fighters Fire Prevention and Safety Grant program, the Institution of Fire Engineers US Branch has established a steering committee comprised of noted fire service and related agency leaders to guide a national strategic planning process for the fire loss prevention that results in a national plan that will coordinate activities and fire prevention efforts."<sup>4</sup> In that capacity the Vision 202 group has identified as part of its strategy the idea that we need to build solutions into buildings instead of imposing more requirements to deal with them after the fact. If we ignored Phelps in the sixties, should we ignore the Department of Homeland Security in this new century?

The bottom line of this debate is that the rhetoric is going to go on for a long time. There is an inherent contradiction in that rhetoric if the debate over economic conditions results in a rollback of risk reduction. If the strategy of building a more fire safe country is to succeed we have to balance out the costs of building fire protection features into structures with the costs of providing fire services to that building. Common sense says that building mitigation into a structure is not a cost; it is an investment in the future.

I do not wish to argue the case of how much the taxpayers are going to support in the way of employee compensation because I think that is a variable that will level off sometime soon. I cannot argue the case for or against the rollback of fees and permits that were created as back door replacements of lost tax revenue. That is still a valid policy debate.

But, I can argue the case that rolling back the advances we have made in using technology to control and suppress fires is just plain bad policy. It is ignoring science, engineering and common sense. If we can improve upon the fire and life safety provisions of any fire scenario it results in nothing but positive implications for society. Buildings that can help protect themselves against the impact of fire are more likely to survive an episode of intrusion by fire. In the aftermath of this current financial crisis, our remaining fire forces need all the help they can get in order to do their job effectively, efficiently and safely.

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<sup>3</sup> Phelps, Edmund, Private Wants and Public Needs: Issues surrounding the size an scope of government expenditure. W.W. Norton Publishers, NY, 1962

<sup>4</sup> Vision 2020 website, <http://www.strategicfire.org/page.cfm/go/about-us>



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To reduce that effort just to encourage a developer to build in a community is placing the needs of the developer as a higher priority of the needs of the community in which the building resides. Elected officials should place their emphasis on protecting the interests of the greater good. That is good public policy.