

# Looking Back in Order



Photo by Joe Mabel

# to Move Forward

**The fire service always has suffered from budget woes. Learn from history to craft new strategies for justifying investment in cutting-edge technology — such as Class A foam.** *By Ronny J. Coleman*

As I write articles for fire-service magazines, I often find myself reflecting as much on the past as I do on 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 difficult 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 fire service budgeting and finance. We currently are experiencing a severe economic event that is having a profound effect on the level of service.

One manifestation of this phenomenon concerns the discussion of whether the fire service should increase its use of Class A foam systems. There clearly is some anxiety regarding adoption of this technology, in large measure because there is a cost factor associated with such adoption. 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 over the last two years, which is reflected by 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 and rejected by others, but it will remain viable as long as there are advo-

cates who support its use. Nevertheless, budgets need to be justified, and those advocates will need 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 economic environment. Without question, right now is a serious economic time for the fire service. But before we feel too sorry for ourselves, we should consider that this long has been the case, as evidenced by the following poem from long ago:

“When fire is cried and danger is nigh,  
“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*, Oct. 18, 1879.

The point is, 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 commercial that depicts firefighters and all of their

toughness in the hope of selling pickup trucks. How many commercials have you seen that show firefighters hoping to link the image of a product with the public’s favorable opinion of us? Compare that to the contentious debate that is taking place right now in the city of Sacramento over the fire department’s suggestion of implementing a cost-recovery program regarding automobile crashes. While the dialogue has verged on hysteria, fire department cost-recovery funding ordinances have been around since the 1980s. In fact, if we go back to the early days of the service, to 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 “counterfactual reflection.” When justifying a fire department’s budget 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. When balancing budgets, the argument should not be over who is America’s hero, but rather, how many heroes we can afford.

To illustrate this point, Jonathan Waters, in *Governing Magazine 2010* wrote that, “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.

However, the reality is that the phe-

nomenon of local governments facing a fiscal crunch is nothing new. In my library I have a document that states the following: “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.”

This document was published in 1974. In the nearly four decades that have ensued, we have had ample 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 loves its 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.

### Finding Justification

Most communities only have three choices when revenue is reduced:

- 1] Lower the level of service provided.
- 2] Increase taxes.
- 3] Bill those who use the services to cover the costs of providing them.

Option 1 is distasteful to the fire service. Option 2 is distasteful to homeowners and business owners. 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.

One definition of the word “justify” is to defend or uphold something as warranted or well grounded. In law, justify means to show a satisfactory reason or excuse for something done. When it comes to the fire service, to justify means obtaining support for a course of

## Benefit Cost Analysis Matrix

<p><b>High per capita cost and a very low level of service.</b> 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.</p>	<p><b>High per capita cost and a high level of service.</b> This is characterized by a department that has a high per capita cost (at the 75th percentile or above) and provides rapid response times and effective response force to meet high risk levels.</p>
<p><b>Low per capita cost and low level of service.</b> This is characterized by a department that has a low per capita cost (less than average) and provides minimal staffing and lengthy response times.</p>	<p><b>Low per capita and high level of service.</b> 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.</p>

action you wish to follow that results in some form of measurable benefit to the recipients of that service. The shorthand for justification 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 specific meaning. On the other hand, it often is 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 weighing the total expected cost against the total expected benefits of one or more actions, in order to choose 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 regarding the ability 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 of value to our

community, and then we started talking about costs? Let’s label this approach as “benefit cost analysis,” or BCA.

When we talk about a fire-protection budget, we are talking about the “level of effort,” which 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 the financial aspects and social impacts of fire protection must be compared. In short, while building and staffing a new fire station costs money, the benefits are reflected in performance. In other words, 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 it 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

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level of service at the lowest possible cost. This often is 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 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 of having an adequately trained, adequately staffed and properly led 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 be replaced with four other quadrants, as illustrated in the table on page 14.

In essence, this model illustrates that every budget decision moves a department in one direction or another. Every alternative that is proposed for the fire service has two distinct dimensions to it. The first is whether the fire department has done a satisfactory job of explaining to the community the risk factors that are involved and the benefits to taxpayers stemming from the fire departments policies and practices. This is then contrasted with the public's willingness or reluctance to pay for them.

### Still Early

Earlier in this article, I used the term counter factual reflection. Science Daily, a research organization, states that there

is a direct link between counter factual reflection and long-term organizational success. Their findings indicate 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 often have been accused of defending traditional ways of doing things merely because it is the way we always have 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? Ours or the taxpayers?

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. 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 currently is 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 pri-

oritizing the risks to be addressed, and are proposing the coordination of prevention and fire suppression to reduce those risks. Here is a question to end the article: how many fire departments and their operations and fire-prevention divisions are working hand in hand to create an integrated risk management profile for their communities? 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 to do exactly that. As a result, some departments will stay suppressed for many years, maybe decades. Just as in the past, local governments probably will restore budgets when the economy comes back. But, don't expect it to happen automatically. You must be more proactive.

The Spanish-American writer and philosopher George Santayana (1863–1952) once opined that those who 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 communities.

As we look at the technology being discussed in this supplement — Class A foam — we need to keep in mind that in spite of its maturation over a 20-year period, it still is in the early adoption phase in most fire agencies. We need to focus more on proving how this technology improves our operations, in the process reducing loss of life and property and doing a better job of protecting firefighters, if we expect to win the budget battle.

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