FIRE MANAGEMENT 2B

Fire Service Financial Management
Student Manual

accredited by

OFFICE OF
STATE FIRE MARSHAL

for the

CALIFORNIA FIRE SERVICE
TRAINING AND EDUCATION SYSTEM

Second Edition, February 1992

RETIRED CURRICULUM

RETIRED CURRICULUM

FIRE MANAGEMENT 2B

Fire Service Financial Management
Student Manual

published by

STATE FIRE TRAINING
California State Fire Marshal
7171 Bowling Drive, Suite 600
Sacramento, CA 95823-2034

RETIRED CURRICULUM

RETIRED CURRICULUM

FIRE MANAGEMENT 2B
FIRE SERVICE FINANCIAL MANAGEMENT

CALENDAR OF EVENTS

MONDAY

AM	UNIT I	OVERVIEW
	UNIT II	SYSTEM DESIGN
PM	UNIT II	SYSTEM DESIGN
EVENING	DEPARTMENT EVALUATION (QUESTIONS 1-8)	

TUESDAY

AM/PM	UNIT III	PLANNING
EVENING	DEPARTMENT EVALUATION (QUESTIONS 9-14)	

WEDNESDAY

AM/PM	UNIT IV	BUDGET PREPARATION
EVENING	DEPARTMENT EVALUATION (QUESTIONS 15-22)	

THURSDAY

AM	UNIT V	BUDGET JUSTIFICATION
PM	UNIT VI	BUDGET CONTROLS
EVENING	DEPARTMENT EVALUATION (QUESTIONS 23-24)	

FRIDAY

AM	UNIT VI	BUDGET CONTROLS
AM	CERTIFICATION EXAM	

RETIRED CURRICULUM

RETIRED CURRICULUM

TABLE OF CONTENTS

UNIT I OVERVIEW

Definition of Financial Management 2
Definition of Budget 2
Components of Financial Management 2

UNIT II SYSTEM DESIGN

System Concept 6
Fire Protection Defined 6
Planning 7
Mission 7
Goals 8
Objectives 8
Performance Objectives 9
Goal Setting 9
Data Collection 9
Financial Strategic Planning 10
Organizational Programs 12
Process/Impact/Enabling Objectives 14

UNIT III PLANNING

Public Policy 17
Political Considerations 17
Information/Data 18
Alternative Services 19
Productivity and Benefits 20
Private Industry vs. Government 20
Productivity 21
Programs 21
Service Oriented Operations 21
Budget Principles 22
Ranking Objectives 22
Data Collection and Analysis 23
Change and the Types of Change 24
Resisting Change 25
Ways to Approach Change 27
Managing Resistnace to Change 28
Long Range Strategic Planning 30
Objective Management 32
Master Planning 33
Plan Development Process 34
Plan Promotion 35
Planning Methodology 36
Planning Benefits 36
Planning Pitfalls 37
Gathering Information 40

RETIRED CURRICULUM

Planning Areas 40
Plan Implementation 41
Plan Update and Review 42
Plan Management and Control 42

UNIT IV BUDGET PREPERATION

Operating Budget 44
Political Considerations 45
Budget Tradition 46
Types of Budgets 47
Internal Budget Process 51
Budget Format 52
Cost of Services 53
Cost Allocation Models 53
Task Analysis 57
Establish Budget Priorities 58
Manipulating Priorities 59
Interface With Other Departments and Agencies 61
New Revenue Sources 63

UNIT V JUSTIFICATION

Strategies 71
Financial Planning System 72
Legislative Review 72
Comparing With Other Agencies 73
Know Your Objectives 74
Staff Review of Budget 75
Special Interest Groups 77
Power Centers 77
Sales Techniques 78
Budget Message 79
Developing a Marketing Plan 81

UNIT I BUDGET CONTROL

Audits 85
Tort Laws 85
Internal Budget Control 86
Budget Transfers 87
Budget Reporting 87
Cost Accounting 87
Expenditure/Revenue Plan 89
Comparing Revenues and Expenditures 91
Managing Budget Adjustments 93
Audit Trail 94
Purchasing Program 95
Evaluation 97

RETIRED CURRICULUM

UNIT I: OVERVIEW -- FINANCIAL MANAGEMENT

OBJECTIVE

After completion of this unit, participants will be familiar with the cyclical nature of budgeting and financial management, the overview of the course, and with their fellow participants.

RETIRED CURRICULUM

What Is Financial Management?

Change, tradition, growth, survival -- each is a challenge for the fire service. One common strain is evident in these challenges, and that is money. Money is the lifeblood of any organization and it is becoming less and less available. The fire service is being held accountable for its actions and is being forced to compete for tax dollars and justify its existence.

Proposition 2 1/2 in Massachusetts and Proposition 13 in California are examples that illustrate a growing requirement for all public organizations to account for their fiscal actions and to continue or improve their level of service with less revenue.

Financial management, by definition, is the art or skill of directing the judicious use of money to accomplish an end. Additionally, financial management is both a staff and line function that supports service delivery and is usually a direct responsibility of the fire chief. In large metropolitan departments, the financial manager is a designated member of the fire chief's top staff.

Although financial managers are top-ranking members of the department, they alone cannot truly "manage" all expenditures all the time. Financial management is a shared responsibility within the department.

All members must recognize their responsibility in financial management and be allowed to participate in the entire process. Again, the chief executive officer is a key player in an effective financial management program.

The Budget Process

A budget is defined as a statement of the financial position of an administration for a definite period of time based on estimates of expenditures during that period and proposals for financing them. Basically, a budget is a tool for managing finances during a given period of time. The complexity of a budget is usually directly proportional to the size of the department and the revenues allocated. However, the process is essentially the same.

The process of securing budget appropriations has many phases and they normally evolve through a cyclical process. This process involves documenting financial needs, justifying them, administering the funds, managing expenditures, evaluating achievements, and planning for the future.

Unless you are organizing a fire department for the first time, your department is already involved in a budget cycle. Most cycles completely evolve in 12 months and often overlap the beginning of the next cycle.

The nature of financial management and the budget process requires the organization to be actively involved in all phases simultaneously throughout the cycle. The success of each phase is dependent upon the success of the others. All

RETIRED CURRICULUM

must coordinate efficiently to achieve effective budget management.

Components of Financial Management

Effective budgeting is essential but it is the easy part of financial management. Good financial management is directed through accurate long-range department planning. Thus financial management is budgeting plus financial planning, administration, and evaluation.

As mentioned earlier, the size of a department is a major factor in determining the appropriate budget process. Financial management in many departments will require the full-time efforts of an expert financial manager. To fully appreciate the complexities of financial management, this course is organized as follows:

System Design

1. System concept.
2. Identify what you are doing and why.
3. Organizational design.
4. Evaluate alternative services and delivery methods.
5. Analyze productivity and benefits.

Budget Preplanning

1. Evaluating local setting for budget preparation.
2. Identify types of budgets.
3. Establish internal budget process.
4. Develop a task analysis and program budget.
5. Establish budget priorities.
6. Interface with other departments.
7. Develop new revenue sources.
8. Evaluate revenue sources.

Justify the Budget

1. Types of strategies.
2. Know the financial system and the budget.
3. Compare you experience and activities with other agencies.
4. Know your objectives.
5. Know your audience.

RETIRED CURRICULUM

6. Sales techniques.

7. Develop a marketing plan and schedule.

Budget Controls

1. Financial and management audits.

2. Developing internal budget controls.

3. Establishing an expense/revenue plan.

4. Comparing actual expenditure/revenue with estimated expenditure/revenue.

5. Reporting budget progress.

6. Managing budget adjustments.

7. Providing an audit trail.

8. Developing a purchase plan.

9. Evaluation and management cycle.

Although many jurisdictions have a budget process that transpires in correspondence with a budget calendar, it is important to understand that financial planning and the budget process are ongoing and require a priority effort from all department managers.

Rules of the Game

It is essential to understand and use the correct mechanics of budgeting. However, it is equally important to understand the political "rules of the game" in your local budget process. Like anything political, it is many times more important who you know than what you know. As the fire service is required to become more sophisticated in its management, it becomes more and more evident that politics is a reality. As the going gets tough in securing budget appropriations, the fire service must get going. This requires politics. The effective financial manager will definitely know local politics.

To get going will also require some major changes and the financial manager must assume the role of change agent. The public sector will become more innovative in management practices and revenue collection in our do more with less economy. For the fire service to successfully compete for its share, the financial manager must be prepared to pursue innovative ideas and choreograph constructive change.

To ensure responsiveness and ability to meet these demands, fire chiefs must identify financial management as a top priority for their departments. The goal of optimum financial management must be achieved with the same effort and enthusiasm afforded fire suppression programs.

RETIRED CURRICULUM

UNIT II: SYSTEM DESIGN

OBJECTIVES

The participants will:

1. Formulate mission, goals, and objectives statements for a community-wide fire protection system.

2. Identify desirable outcomes for programs within a typical fire department.

3. Evaluate programs in the fire department to accomplish the mission of the fire protection system.

4. Identify their own department's strengths and weaknesses with regard to planning.

RETIRED CURRICULUM

System Concept

A system is a set of interacting elements that together form an integrated whole. The elements are organized to accomplish a purpose or a goal.

Fire Protection Defined

Too often fire protection is viewed to be fire suppression only. "Fire protection" is used in a much larger context than fire suppression. Fire protection includes all of the elements that are involved in maintaining minimum loss of life, property, and community consequences of fire to some acceptable level the community desires or can afforded. Some of these broader aspects include:

Prevention	Code development and enforcement.
	Public education/awareness.
	Arson investigation.
Control	Fire-resistive construction.
	Hazard isolation
Suppression	Automatic suppression systems.
	Detection and alarm devices.
	Manual suppression systems.
	Investigation.

Community Fire Protection System

Traditionally, fire managers have taken too great a burden of fire protection upon themselves and have not considered fire protection as a system. In a good fire protection system, each element is aware that it is a part of the system and accepts its responsibility. A fire department cannot alone provide fire protection.

The fire manager's role in the community fire protection system is to be the coordinator of the system. There are a number of tasks that are associated with this role. Some of the key ones are: 1) to identify all elements of the system; 2) to help each element clarify its fire protection responsibilities, and 3) to cause each element to agree to and commit to fulfill its system responsibilities.

As a fire manager, you are likely to be the one best able to help other departments and agencies define and clarify their fire protection responsibilities. It is important that in coordinating the system the fire manager maintain a humanistic and tactful approach. As a fire manager, you would likely resent another department telling you what your department's responsibility is in assisting them. To be an effective systems coordinator requires patience and tact.

RETIRED CURRICULUM

One Possible Approach

One possible approach calls for fire managers to list those departments and agencies in their community that have a role in fire protection. Once each agency is identified, fire managers can then spell out the fire protection responsibilities for each of the agencies. Each agency is then advised what is being done, then asked to review the responsibility list and modify it as necessary. Fire managers should offer to meet with each department to clarify responsibilities that have been identified. Each agency should be asked to respond in writing when they approve their responsibility areas. This will help to gain commitment on the part of department or agency.

This cooperative approach is by far the best; however, under certain circumstances the fire manager may be forced to bring the issue to administrative head of the organization or directly to the legislative body for some review and policy direction. Remember though, it is not possible to legislate cooperation.

IDENTIFY WHAT YOU ARE DOING AND WHY

Planning

Planning, as defined by Webster, is to make a plan of; devise a scheme for doing; and to have in mind as a project or purpose. Planning is future-oriented. A plan specifies in some form what you want to do or what you expect you organization to do.

All plans must relate to the organizations's mission and provide the goals and objectives to satisfy the defined mission. For the purpose to this course, the word "organization" will mean the entire government entity. The fire department is one of the units of that organization. Consequently, the fire department will have to devise its own mission statement, goals, and objectives to meet the organizations's mission, goals, and objectives.

Before we continue , let us establish a common understanding of what mission, goals, and objectives really are. Together, these three items represent the organizational strategy set.

Mission

The mission provides the reason for the existence of any organization, and the foundation for planning -- more accurately, strategic planning. The mission should clearly reflect the major services to be provided, be relative to the community, be flexible, written and understood by everyone who will be expected to implement the mission. The mission helps to keep people in the organization "on target."

RETIRED CURRICULUM

Defines the purpose of the organization.

Characteristics include: 1) It defines and limits the purpose, 2) It is short and clear, 3) It does not define how it will be accomplished, 4) It does not establish measurements or levels of service to be provided.

A good example would be:

"To provide fire and life safety for the people and property in our city."

A poor example would be:

"To provide a reasonable degree of fire and life safety for the people in our community at a reasonable cost to property owners."

Goals

Goals provide methodologies for realizing the mission and the basis for tactical planning. Specifically, the goals should give direction to each functional area. Goals are more specific than a mission, but should still be long-range targets (3-5 years).

System Goals

System goals define the desirable outcomes for the organization in general and/or philosophical terms.

Good examples would be:

"To control the number of large-loss fires in commercial and industrial occupancies."

"To control the number of incidents in single-family residential occupancies within the city."

A poor example would be:

"To maintain five-member engine companies in residential areas."

It should be noted and explained that system goals reference desirable outcomes in terms of: 1) Life risk or loss, 2) property risk or loss, 3) community impact, and 4) cost of operation.

Objectives

Objectives provide the steps for day-to-day implementation of the strategic plan and the basis for operational planning. Objectives will define quantifiable criteria for measurement (quantity, quality, time allowed, and cost), and a basis for data gathering to determine if the objectives are being met. Each objective should relate to a specific goal.

RETIRED CURRICULUM

Performance Objectives

The degree to which goals will be accomplished defined performance objectives. These objectives set forth measurable criteria defining the degree to which the systems' goals will be accomplished. The desirable goal of setting performance objectives is to control the incidence of fire in residential occupancies within the city.

Building upon the above goal, a good performance objective would be:

"No more than 6.7 fires per 1,000 single-family residential occupancies within the city in a year, based upon a 5-year average."

It should be emphasized that the above measures relate to the organizational goal relating to incidents in residences; in other words," the protection of property", a system goal.

In an actual plan, goals would be developed for all desirable outcomes for the protection of life, property, and community. Then performance objectives, or the degree of accomplishment, would be developed for each goal. This sets the base measurement for evaluating the effectiveness of the fire department in terms of resources spent.

Uncontrollable Factors

The first step of any planning process is to determine what you are doing and why you are doing it. To begin the planning process, you must first review the legal and/or legislative obligations and policies of the community. These are the "uncontrollable"factors that will impact the financial planning process and include the local policies and codes, state laws, and any federal acts or laws that may have an effect upon your organization's financial condition.

Goal Setting

After the uncontrollable factors have been identified, a financial needs assessment is routinely performed next in the planning process. This step is also referred to as the "goal setting" phase. This is when the needs of the community must be assessed, as well as the financial readiness of the organization and the fire department to respond to those needs. The needs of the community, as they relate to the fire department, can usually be translated into goals for the fire department to satisfy.

Data Collection

To satisfy the identified goals the organization will have to gather data about the community and determine what services, including legal services, will be required to meet those goals. A statement adopted by International City Management Association (ICMA) members clarifies the need for collecting data about the community and how it should be analyzed, "the equitable distribution of city government services is being redefined under the pressures of change in today's society.

RETIRED CURRICULUM

For example, it is not an adequate policy that garbage pickup be provided on the same regular schedule in all sections of the city. Certain sections may need a higher level or frequency of service to maintain a reasonable level of environmental sanitation. Educational services must aim at student achievement levels, not merely equal dollar inputs per student. The objective of local government service programs needs to be equal output, not equal input. Service levels must be matched to relative needs."

When service and resource allocations are to be evaluated by reference to demographic and geographic conditions, and by input from citizens, several data management issues must be considered: 1) Definition of service area, 2) specification of data to be collected about people and their environment, 3) specification of data on the service performance, 4) agreement on performance evaluation criteria and the ways in which results will be measured, and 5) reconciliation of data aggregated on dissimilar bases.

As a reminder, the analysis of this data will usually translate into goals for each of the departments of the organization. After the goals have been determined, objectives for meeting those goals must be defined. The objectives should be quantitiable and they must be prioritized according to their degree of criticalness to preparations in relation to the jurisdiction's overall mission. To carry out the objectives, human and material resources must be identified.

Financial Strategic Plan

After the organization's mission statements have been determined, and the department's mission statement, goals, and objectives have been identified, work may begin on the department's financial strategic plan. First of all, the strategic plan should assign responsibilities for specific activities (division manager, program manager, task force leader, etc.) and the expected results from those activities. A strategic plan should also include a time schedule to monitor and control the plan's progress.

There are several models that can be used for this purpose, such as the Critical Path Method (CPM), Performance Evaluation and Review Technique (PERT), Milestone chart, or Gantt chart. Before too much work is put into strategic planning, the need for a financial strategic plan must be approved by the decisionmakers.

The significant elements of planning include: 1) Performing a community needs assessment which translate into department goal setting, 2) defining and prioritizing objectives, 3) identifying human and material resources and constraints, 4) assigning responsibilities, 5) establishing a time schedule to monitor and control the plan's progress, and 6) receiving approval to conduct the plan.

The financial strategic plan must be tied directly to the jurisdiction's mission and define how the department's goals

RETIRED CURRICULUM

and objectives will either support the needs identified or improve the services currently provided.

Historic Perspective

When presenting the concepts and theories of financial planning and budget making, very few texts mention the significance of possessing a sense of history about the jurisdiction, the legislature, or the administrative organization. Pragmatically, this knowledge or awareness can be of immeasurable value when it comes to knowing what programs have a chance of making it through the entire budget process unassisted and which programs will need to be fought for or sacrificed. To begin with, human nature is such that everyone will have a favorite department or program. This includes the most professional administrator and all elected legislators.

In the public sector, elected officials are often motivated by forces that are more political and social than economic. For example, a project which might have social benefits and be economically sound could be rejected by elected officials if it were politically unpopular. Or a project that is economically unsound with doubtful social benefits may be approved because an elected official had adopted it as a "pet project." It will be beneficial to have some idea of the depth of the legislators' understanding about the issues in the community and their knowledge of the fire department's operations.

Knowledge of Community

The community in general is going to be more supportive of certain departments or programs than others. For example, private business is affected by municipal finances because, in most jurisdictions, it is one of the prime sources of municipal revenues and a recipient of municipal services. Most businesses have a tendency to be very supportive of the police department and its programs, particularly those programs aimed at reducing the types of crimes that would affect businesses. The interests of the citizens themselves are better understood and are more obvious than those of the business community.

It is beneficial to have a good idea about the community's, legislators', and administration's attitudes regarding growth. This knowledge will help the fire department administrator organize the department accordingly and determine significant future issues. For example, will a certain type of property owner be more influential than another in the future? Will fire department personnel need to acquire specialized skills, knowledge, or equipment to properly handle future problems?

Knowledge Of Departments

In addition to knowing the community, the fire department financial planner should also have a good grasp of the fire department itself. An area of concern would be the community's perception of the fire department. Remember, we are talking about perceptions. What the fire department is

RETIRED CURRICULUM

actually responsible for, or does, is often unknown to the community. Specific areas of concern include how the performance of the fire department is viewed and the general attitude and responsiveness to issues that are deemed important by the community. Does the fire department make things happen, react to things that happen, or watch things happen? "Things" refers to nonemergency activities such as public fire safety education, fire prevention activities, hazardous materials awareness programs, etc. In terms of financial management, the most important consideration would be how the community perceives the financial obligation of maintaining a fire department. Does the community view it as an agency that simply receives and exhausts appropriations or as a department that is monitoring and controlling the appropriations, and perhaps even making some efforts to reduce expenditures and create the necessary resources to maintain or expand existing programs?

Organizational Design

At this point in the process, effective programs are identified, set in priority order, and selected -- based upon their potential impact on System Goals. In actual experience, the existing program areas are usually identified as where we are now. At a later time, needed changes in the current programs are identified and recorded as Enabling Objectives. Usually, total programs are not eliminated. However, emphasis or resources devoted to each may be adjusted dramatically.

Organizational Programs

Organizational programs are designed to provide: 1) Fire response teams to control illegal or accidental fires, 2) fire prevention education to train the public in safe fire protection, 3) medical response teams to assist people with emergency medical needs, 4) codes and enforcement to control the number of incidents and the severity of fires, 5) fire cause and arson investigation to control the number of fires and hazardous materials incidents, 6) public assistance to mitigate the consequence of any emergency within the district that may threaten life or property, and 7) hazardous materials response teams to control and/or mitigate hazardous materials emergency incidents.

Usually the above list includes all the programs or services delivered by a typical fire department. However, these are only examples of how the System Goals have been traditionally accomplished. Careful cost/benefit analysis should be periodically evaluated to be sure proper emphasis is placed upon the appropriate programs.

Performance Objectives

For each of the Organizational Programs selected, a corresponding set of Organizational Performance Objectives should be identified. They will serve as part of the base criteria for evaluating the effect and efficiency of resources expended.

RETIRED CURRICULUM

As an example, Performance Objectives for the goal:

"To provide fire response teams"

Performance Objectives

Process

1. Response to 80% of fires will be within 4 minutes of receipt of alarm.

2. At least three trained firefighters will be on all fire response engines.

3. All firefighters will be certified at levels specified by the NFPA Professional Qualifications Standards.

4. At least 3,500 gpm fire flow will be within 20 minutes of receipt of alarm in all commercial and industrial areas.

Impact

1. Damage after arrival will be limited to 15% of that upon arrival.

2. No more than one large-loss fire (more than $500,000) will occur in a year, based upon a 10-year average.

Actual measurements should be based upon local conditions. Performance objectives should be developed for all organizational goals to serve as the base criteria for evaluating effectiveness of expended resources.

Support Programs

The same format should be used for clarifying Support Programs within the organization. A Program Goal should be used and the expected impact or "support" to Organizational Programs stated.

The same kind of performance objectives should be developed for each support program within the system. For example:

Support Program #1: Training Division

Program Goal:

To maintain desirable skills, knowledge, and work attitudes for fire department employees to effectively and safely perform their assigned responsibilities.

RETIRED CURRICULUM

Performance Objectives

Process:

1. Within one year after promotion, all fire officers will have successfully completed the Six-Week Fire Services Administrator's Institute Program.

2. All fire officers will successfully complete a one-week management refresher course every year, as approved by the training officer.

3. Within one year after employment, all fire suppression personnel will be certified in accordance with NFPA Professional Qualifications for the position in which they are expected to serve.

4. Ninety-six percent of all fire personnel and fire companies will pass the minimum performance requirements in quarterly performance examinations.

Impact:

1. No more than three injuries per 100 firefighters will occur during emergency operations due to improper training in technique or safety practices as determined by the Department Safety Committee, based upon a 5-year average.

2. No large-loss fires will occur within the city as a result of improper fire ground command due to inadequate training as determined by the Post-Fire Analysis Team.

3. No employee grievances filed against the department will be upheld due to improper or inadequate training of Fire Officers as determined by the Grievance Review Panel.

The above measurements are only examples. The impact measurements should be focused on the desirable outcomes for that particular support program.

Enabling Objectives

As the organizational design begins to take shape (and after program analysis), it may become apparent that changes should be made within the organization to improve the performance and/or efficiency. These changes, if significant in nature, are usually written in the form of objectives statements.

All objectives statements should include three specific elements: time, quality, and quantity. In this way they are specific and measurable. Examples are:

1. By January 1, 19__ develop, adopt, and enforce a code to require automatic sprinkler protection in all basements in the commercial areas of the city.

2. By July 1, 19__ train all personnel within the department to the certification level prescribed by the NFPA for the position in which they serve.

RETIRED CURRICULUM

Current Effort

When establishing a service delivery program within an organization, program performance objectives should identify anticipated activities in terms of "process" and identify results in terms of "impact."

However, often resources are not available to accomplish the objective to its fullest extent. As an example, the objective may be to "Respond to 80% of all fires within 4 minutes of receipt of alarm." However, resources will not permit the construction of an adequate number of stations to facilitate this response. In fact, only 40% of the alarms will be responded to in the prescribed time. Therefore, the "current effort" is only 50% of the desired "performance objective."

In other words the Program, if fully funded, will accomplish 80% response in 4 minutes. If it is only partially funded, accomplishment will be less than anticipated; in this case 40%.

Current effort simply defines the degree to which the program is currently being funded.

RETIRED CURRICULUM

UNIT III: PLANNING

OBJECTIVES

The participants will:

1. Use a model format to develop a long-range financial plan in a typical fire department.

2. Describe the role of the financial planner as a change agent.

3. Analyze community trends and evaluate alternative services.

4. Analyze departmental productivity through specifying work measurements and conducting cost/benefit analysis.

5. Identify their own departments' strengths and weaknesses with regard to planning.

RETIRED CURRICULUM

IDENTIFY COMMUNITY TRENDS AND PATTERNS

Public Policy

To begin with, it must be remembered that the organization's mission statement and goals determine how the fire department will provide services to the jurisdiction and how the fire department's resources will be allocated to satisfy that mission. "Public policy is the foundation for the entire operation of the fire department. Elected officials are the policy makers and it is the policies that are used by city managers and fire chiefs to implement and manage programs that provide the services to the public. Once a `policy' has been determined and defined, the fire department management staff then becomes the responsible party for implementation and evaluation. The budget is the tool used. Policies determine programs and service delivery and the fire department must use the budget to carry out policy" (Burgess, "Management And Budgeting in the Fire Service", 1984, p.1)

Strategic planning is a central component in the public policy formulation process. The identification of goals and objectives and the development of alternative programs to achieve those aims are principal contributions of strategic planning in government. Since plans are translated into reality through government spending, there must be a parallel interest in the budget-making process. In other words, the fire department financial planner(s) MUST be involved in the politics of the jurisdiction. Plans are policies and policies, in a democracy at any rate, spell politics. The question is not whether planning will reflect politics but whose politics will it reflect. What values and whose values will planners seek to implement?

Political and Fiscal Constraint

Realistically, every jurisdiction budget has both a political constraint and a fiscal constraint. The former rises out of the politician's hesitancy to increase taxes because tax increases are unpopular with voters. The latter is the fiscal limit beyond which taxpayer resistance would become so strong that any efforts to expand the constraint would become self-defeating. Therefore, those responsible for formulating the financial plans of a fire department should be directly involved with the local political issues and politicians, and stay abreast of any political developments at the other levels of government (regional, state or national) which may have an affect upon their financial resources.

Political Considerations

When interacting with the local politicians it is wise to remember that their budgetmaking role is, usually, primarily responsive. In almost all representative governments, budget proposals are submitted to legislatures by the leaders of administrative formations. Because budgetary initiatives lie with administrative agencies, there is a tendency among legislators to feel defensive and inadequate, and somewhat less than properly prepared to pursue the triple goals of the legislative budget procedure, which are:

RETIRED CURRICULUM

1. Setting service levels.

2. Adoption of fiscal policy.

3. General review of administrative performance.

Legislators expressing feelings of inadequacy in dealing with administrative formations often cite their comparative disadvantage in time, staff resources and, above all, information. Increased amounts of information made available to legislators have a predictable result: It increases demand for legislative staff to digest it, and creates the danger of information overload. Data can: distract as well as inform; overwhelm capacities to assimilate and understand; obscure rather than clarify; and, to no useful end, exhaust limited time and energies of busy legislators. Information is certainly needed, but it must be carefully organized to illuminate issues, suggest options and stimulate thoughtful legislative reflection. For this, the format of the budget is the key instrument.

Community Needs

Beyond the political considerations are the needs of the community and its citizens. Most fire departments analyze the socio-demographics of the community; population, economic conditions, employment situation, land use, property use, the age and condition of structures and public facilities, crime rate, general growth or decline by area, or the community as a whole. Municipal financial characteristics change over time as different interests desiring different service patterns become dominant in given locations and the costs and benefits of public services frequently do not remain uniform. Thus, both the current socio-demographic attributes and the direction of change in these attributes are potential factors affecting financial patterns. The patterns may be expected to differ depending on the current mix of constituents that affect service demands and revenue bases. The patterns may shift over time as the mix changes and predicting future revenues and expenditures depends on expected shifts in the mix. The particular socio-demographic attributes of importance for identifying service demands and revenue are a subject of empirical analysis. Many studies have shown that socio-demographic information is useful for predicting municipal expenditures.

Socio-Demographic Variables

If sophisticated analytical tools, and time, are available to the fire department or the jurisdiction it would be possible to use even more definitive socio-demographic attributes. For example, the population could be analyzed by; the percentage of population over the age of 62, the percentage of a specific ethnic group, birth rate, etc. The economic condition of the community could be analyzed by; the percentage of the population below poverty level, the percentage of total available housing currently occupied, business diversification, the per capita business income, the percentage of change in per capita personal income, etc.

RETIRED CURRICULUM

Trends In Emergency Services

Another indicator of what the community needs are, or might be, would be the trends in emergency services. These could be measured by the types of services requested, frequency of different responses, the time spent on specific responses, resources (other than time) expended on specific responses, etc.

Usefulness Of Data

The important thing to remember when attempting to identify the community's trends and needs is to not have tunnel vision. An honest attempt should be made to acquire as much useful information as possible. To collect data for the sake of overwhelming the decision-makers is not only a waste of resources, but remember, it may also backfire. The legislators may actually read the material presented and ask for justifications about certain programs or for more information. As stated earlier, empirical knowledge of the entire political, demographical and social conditions of the community is essential. This knowledge will help in determining what the legislators will want to know, what should be made known to them and where the information might be found.

EVALUATE ALTERNATIVE SERVICES AND DELIVERY METHODS

Alternative Services

The primary consideration for evaluating alternative services and delivery methods is to determine how the services currently being provided, or being considered, serve the organization's mission and the fire department's mission and goals. There may be some non-emergency tasks, unrelated to the department's mission and goals, that could be performed cheaper, better or faster (more productively) by another department or agency. Conversely, there may be some non-emergency tasks, related to the department's mission and goals, that could be performed cheaper, better or faster by the fire department. Perhaps the fire department is providing the proper emergency and non-emergency services, but maybe the existing delivery methods can be modified to improve the level of performance or productivity. Some fire departments have terminated services that had traditionally been provided by the fire department while others have added non-traditional services. A few fire departments are beginning to be run like businesses in the respect that they are beginning to charge for some of the services they provide. However, there are many barriers the creative fire department administrator and financial planner will have to overcome, both inside and outside the fire service, before a fire department can be expected to become completely responsible fiscally .

Simply thinking about alternative services or delivery methods is often times both frustrating and exciting. When the entire department becomes involved in the process both of the above mentioned emotions are dramatically increased. However, the fact of the matter is that citizens, legislators and jurisdictional administrators are beginning to expect more

RETIRED CURRICULUM

cost effectiveness performance from all governmental operations. The departments that have taken the lead in exploring the most effective and reasonable means of providing desired services will be the ones that will receive the resources to continue their own operations. The better prepared departments might even be willing and expected to assume the operations of other departments as well.

ANALYZE PRODUCTIVITY AND BENEFITS

Private Industry Versus Government

Government expenditures generally are studied in great detail. In contrast, benefits from these expenditures are frequently not quantified. Benefit estimation is the uncharted of budgeting. Because governments provide many services as free goods, budgetmakers should search for evidence of the public's willingness, rather than ability, to pay as a good way to estimate benefits.

The measurements of productivity and benefits of private industry are of little concern to most citizens, because investing in a private industry is a voluntary act. Additionally, just a little bit of financial knowledge can be used to measure a private organization's efforts (costs) against accomplishments (revenues). However, this is not necessarily true for governmental organizations.

In the first place governments extend an undeniable mandate to contribute funds (taxes). The citizen's funds are legally removed from him or her and as legally spent by the concerned governmental organization. In the second place, the profit motive does not operate as a measure of the quality of the government's operations. Under present practices the "best" governmental unit is likely to be one that ends the fiscal year with the least amount of unspent citizens's funds. Thus the financially uninformed citizen must contribute to an organization which generally regards the spending of the full amount of citizen dollars available as its prime measure of success.

A citizen can more easily grasp the priorities of city management's goals if the budget relates the dollars requested to the services provided. An alert financial planner should always look for evidence of tangible program benefits. Generally, when people are willing to pay for a service as they use and enjoy it, and the service charge covers costs, the need to calculate benefits is sharply lessened. In this situation, the willingness to pay, the market price and the resulting revenues regulate the service's size and shape. On the other hand, it is difficult to place dollar values on the output of public programs--many of which are tax-supported precisely because people will not, or cannot, pay for them on a service charge basis. Use of the public way, for example, may be rationed by means of toll gates and parking meters, but normally its use is "free"--that is, paid for by taxes, not service charges. In tax-supported programs, the taxing and appropriation procedures tend to separate payment from use and enjoyment. Public expenditures should be justified by their impact on realizing the jurisdiction's mission, the

RETIRED CURRICULUM

community's needs and the department's goals. Identifying the proper level of expenditures to meet the above criteria is the key problem of financial planning and budgetmaking.

Productivity

Productivity is usually measured as achievements in relation to objectives; objectives should relate to the jurisdiction's mission and the department's goals. However, the fire service has traditionally avoided production accountability because of its "intangible presence in the community." As many fire departments have found out though, or are finding out, both the citizens and the legislators are expecting more accountability and fiscal responsibility. In actuality these expectation are very reasonable, albeit a new challenge and transition for many fire service managers. The current trend for measuring productivity in government agencies is through the use of "program management". At best this is a ubiquitous term that is applied without much discrimination to both complex and simple activities, (e.g. N.A.S.A's Space Program or a "program" to replace light bulbs at city hall in the name of conservation).

Programs

Interest groups demand them; politicians put them forward; administrators push them along. Almost any form of public administration can be called a "program" without violating semantic fitness. "Program" is increasingly preferred over organizational concepts such as department, division, bureau and section, which seem to convey unfashionable nuances of bureaucratic power and rigidity. "Program" has an anti-institutional flavor about it, and suggests openness, dynamism, purpose and progress. Most importantly, it seems to imply results. Such a powerful abstraction deserves careful study -- and, probably, more discriminating use. The most common forms of programmatic budgeting are: Performance Budgeting (PerB); Program Budgeting (ProB); Planning/Programming Budgeting Systems (PPBS); and Management By Objectives (MBO).

Service Oriented Operations

While the performance approach is very useful for measuring productivity-oriented operations, service-oriented operations are still difficult to quantify when using only one method of measurement. When looking at governmental services part of the problem can be attributed to the complex, diverse and sometimes contradictory department goals and how each of the different departments may interact with the community. Another reason it is difficult to measure the productivity of a single department within a governmental agency is the interdependency of the bureaucratic structure. Many organizational units may be contributing (or thwarting) the achievement of a single department's goal, or goals, and the performance of the other units may not be measurable. The problem here is not the difficulty in measuring the impact of the performance of other organizational units on the productivity of a single department. The problem is to devise

RETIRED CURRICULUM

a simple method to reflect that impact without making the other departments look bad in the eyes of the legislators.

Budget Principles

When these ambiguities are recognized, resolved or acknowledged, budget programs are usually built on the following principles. Programs are organized with boundaries which permit evaluation of goal achievement. Programs facilitate comparison of alternative means of goal achievement. Programs embrace all complementary components necessary for goal achievement, and programs are shown on more than one basis if this will provide a better basis for evaluation of goal achievement. Program budgeting literature tends to recommend that budgetmakers build program structure around the jurisdiction's mission statement and goals. As abstract as this concept may seem it at least provides some sense of direction.

Ranking Objectives

Some objectives will be more important than others. Some will not be accomplished to the desired level. It is important to determine which are the most important and to identify the degree to which they will be accomplished. This is true for any of the three objective categories: System Performance Objectives, Program Performance Objectives, or Enabling Objectives. However, defining priorities for System Performance Objectives is very difficult and may not in all cases be worth the effort, because, essentially all objectives will be of importance.

The following process can be used to analyze and evaluate objectives so they can be ranked in order of importance. It is important to establish an order of effectiveness and priority when resources are limited.

Step One: Gather all the readily available and relevant information on the subject.

Step Two: Assemble a group of knowledgeable people who are to some degree familiar with the environment of the situation.

Step Three: Give a suitable presentation to the group on the problems, expected results, and process required to carry it out.

Step Four: Allow about fifteen minutes for discussion.

Step Five: Go around the room, asking each individual to suggest a positive or negative factor, using the form provided to transpose onto a flipchart. List all suggestions, being sure everyone's suggestions are listed.

Step Six: Rate each suggestion for cost or savings and degree of impact.

RETIRED CURRICULUM

Step Seven: Hang all the flipchart sheets in a row so the participants can easily see them. Through discussion, gain consensus on the order of rank, and of potential for accomplishing the desired outcomes.

Automation Of Data Collection

Truly sophisticated electronic data processing can be accomplished with something as small as a microcomputer and the use of commercial software packages. Larger automated systems, such as a local area network (LAN) or a wide area network (WAN) would make it possible to gather more data and, consequently, provide more data for processing and analysis. As the development of information technology, in the areas of both hardware and software, continues decentralized information systems are becoming more affordable for many agencies. The primary advantage of a decentralized information system is that a vast amount of data and processing capability is available without having to go through the process of requesting information or reports from a centralized data processing center. Today's technology is geared towards end user control over data.

Analysis Paralysis

Perhaps of a word of caution is appropriate here. Just as you would want to avoid information overload for your legislators it is also wise to properly manage the amount of information you should attempt to collect, process and analyze. If you attempt to analyze too much information you may only succeed in creating "analysis paralysis". The National Fire Academy offers two excellent courses that will help you determine your information, software and hardware needs. The courses are Information Management Systems (IMS) in the Fire Service and Microcomputers in the Fire Service.

Nontechnical Development

In closing it must be stated that productivity improvement is not limited to improved technology. Depending on the criteria used to measure program effectiveness, productivity enhancement can be achieved through the sound and proper application of non-technical developments as well, like management techniques, training programs, public education programs, or management philosophies. For example, productivity might be enhanced if fire departments began promoting the concept of training and educating personnel as "generalists" instead of "specialists". This concept could apply to line, line/staff, and staff assignments.

At best "productivity" is a nebulous term and is relative to the needs and desires of the community. The responsible fire administrator and financial planner should attempt to correlate his or her department's performance with some means of measuring its effectiveness, efficiency and productivity.

RETIRED CURRICULUM

ROLE AS A CHANGE AGENT

Clarity

Many different ideas on why fire departments must be attuned to the needs of the community, its' citizens, the politics and the politicians. Furthermore, this unit has emphasized the importance of why the fire service should develop its mission, goals and objectives to support those of the local government organization. One of the most significant points made in this unit was that the fire service should start thinking of itself and presenting itself as a productive, and maybe even a financially independent, department within the jurisdiction. Admittedly, in today's world, this last goal may be beyond reasonable expectation. None the less, anyone who attempts any departures from the status quo will encounter resistance -- more accurately, resistance to change.

All of us probably have a different definition of the word "change". Each of our definitions having been influenced by unique experiences during our lifetimes and careers. Some of the more common interpretations of change are:

1. To alter in condition.

2. To substitute or exchange.

3. To modify, deviate.

4. To make distinctly different from what was.

Types Of Change

While on the subject of describing change, let us also differentiate between the types of change that we must consider. First, there is unplanned change. This type of change is created when situations occur to which someone or some organization must react to. Second, there is planned change. This type of change is a conscious, deliberate, and usually collaborative effort to improve the operations of a system through the utilization of knowledge.

Areas Of Change

There exists areas of change of which we should all be aware.

Knowledge change: A generalization about the change experience, cognitive or conceptual understanding about change.

Skill change: The incorporation of new ways of performing through the practice of changed behavior.

Attitude change: The adoption of new feelings through experiencing success with change.

Values Change: The adoption and rearrangement of one's beliefs.

RETIRED CURRICULUM

Response To Change

With some common understandings established, perhaps it is appropriate that we now ask ourselves how the fire service generally accepts change. After you have given this question a few moments, think about how other industries accept change. In all actuality most organizations, and the people that make up those organizations, usually respond to change about the same way.

Shock. An intense feeling of disequilibrium.

Disbelief. A feeling of unreality about "why" the change is occurring.

Guilt. A feeling by the receiver of change that he or she has done something wrong and that that error has brought about the change.

Projection. The act of blaming someone else for the change.

Rationalization. The organism tries to "make sense" of the change.

Integration. The receiving system tries to turn the change into an advantage.

Acceptance. Either in resignation or enthusiasm, the organism adopts to the new state of affairs.

The fire service is very proud of its tradition. Occasionally, we are so proud of our tradition that we do not fully capitalize upon the potential of some opportunities. Simply because we fear that the opportunities may cause changes that would be contrary to our traditions.

Despite how worthwhile a change might appear to be, there will be some resistance. Some of the more typical reasons have been identified as:

Externally: The source of the proposed change. Examples would be; political, economic, state legislation, federal legislation, etc.

Internally: The purpose of the change is not made clear. The persons affected by the change are not involved in the planning process. The communications regarding the change is poor. Excessive work pressure is involved.

Resisting Change

Why Do People Resist Change?

1. The fear that skills and knowledge will become obsolete. For example, members of a fire department who take great pride in years of responsible service may find that new fire technology and requirements are beyond the scope of their experience.

RETIRED CURRICULUM

2. The fear of economic loss. If a person fears that they cannot adapt to the changes, and they will be "left behind" for promotions, etc., they may resist change.

3. Ego protection. If fire department staff originally criticized a suggested change, they may not want to admit that they were wrong, and thus will continue to resist.

4. The fear of losing the "status quo". Change can be disruptive, and necessitates skill, behavior, and attitude changes. This may be "too much work".

5. Conservative and cautious attitudes. Even a young firefighter may want to minimize risks and move slowly. Certain personality types have these characteristics.

6. Peer pressure. Peer support and cooperation important, and often even "independent thinkers" cannot withstand concerted pressures from their work group.

7. Lack of information about the change. Firefighters (or other personnel) may become suspicious or resistant if they do not know the reasons for and probable benefits of the changes.

8. The fear of social displacement. A fire department staffing/function/assignment change may move people away from valued friendships and associations. These friendships may be strongly based on Maslow's need for belonging and inclusion, and be very valuable to the individual.

9. Inability to see the "big picture". There may be a lack of perspective about the total organization's needs. Or, conversely, they may recognize the impact of the change and protect their own vested interests.

10. Not enough time to adapt. If the changes are too rapid, or too frequent, it may cause great stress. People will resist to reduce the change-oriented stress.

11. Past negative experiences. They may have had a negative experience participating in past changes and are still hurting from the bad experience.

12. Lack of trust in the change-agent. They may not believe that the change-agent(s) has their and the department's interests at heart.

13. Fear of failure.

14. Anxiety that power, security...will be undermined. "Information leads to power" syndrome.

15. Others?

RETIRED CURRICULUM

Resistance to change is not always bad.

1. It forces change initiators to justify the reasons for needed changes. Sometimes, this prevents poorly thought out, or unjustified change.

2. It prevents great, rapid swings in organizational strategies or style, providing a needed balance to impulsive action.

Ways to Approach Change.

People responsible for stimulating change have a variety of methods available to them. The choice of method depends upon a diagnosis of the possible sources of resistance, the relative importance of resistant acts to successful introduction of change and, when necessary, ways in which resistance can be reduced. Consider the approaches a manager, leader, or supervisor may use:

Issue instruction. This will work where the change is relatively minor, the attitudes of individual groups are likely to be favorable, and the right to give such instruction is seen as within the renewal stimulator's legitimate domain of authority.

Force Compliance (decree)--This will work if the change is a public one, if negative attitudes are unimportant, and if new skills are not needed by those who must make the change.

By reorganization. Changing or replacing key people can be a strong force for change.

Provide opportunity for others to share in the decision. This will work if the problem is not too complicated, if those affected believe that their own ideas are being used, and when those affected are comfortable in the position of decision making.

The above suggestions present only some of the methods available. The change agent must determine which method, or methods, would work best for them or their organization. While it is difficult to determine just exactly which method would be the most appropriate, studies on overcoming resistance to change seem to indicate the following steps as being helpful:

(1) Encourage participation.

(2) Start with top officials.

(3) Show that change will reduce rather than increase burdens.

(4) Connect proposal with traditional values.

(5) Bring out novel and exciting aspects.

(6) Give assurance that autonomy will not be threatened.

(7) Include participants in diagnostic efforts.

RETIRED CURRICULUM

(8) Try for consensual decisions.

(9) empathize with resistors and reduce their apprehensions.

(10) Build in feedback mechanisms so that officials are aware of difficulties before they become serious.

(11) Build mutual trust among participants.

(12) Keep a pathway open for reappraisal an revision.

Managing Resistance To Change

It is during the period of change from the "old state" to the "new state" that the possibility of resistance is most likely. This time period should be thought of as a state of affairs in itself which might include a specific management structure and specific work plans and controls unique to that state. Some guidelines for managing change and for lessening the resistance might include:

1. Involve individuals in planning for change.

2. Resistance to change will be less intense when those to be affected, or those who believe they might be affected, know why a change is being made and what the advantages are. This can be done most effectively by letting them participate in the actual planning. Besides helping them to understand the when, what, where, and why of a change, participation eases any fears that management is hiding something from them. In addition, participation can stimulate many good ideas from those who probably are best acquainted with the problem that necessitates the change. It also alerts a leader to potential problems that might arise when the change is implemented. Such an approach, because people tend to better understand what they create, also advantageously involves people in the diagnostic and creative processes. Thus, if they help make the diagnosis, they more readily accept the prognosis - which is to say that employees can seldom be successfully treated like a doctor treats a patient, by mysterious prescription.

3. Provide accurate and complete information. When workers are kept in the dark or get incomplete information, alarms and rumors start to circulate. This creates an atmosphere of mistrust. Even when the news is bad, employees would rather get it straight and fast than receive no news at all. Lack of information makes them feel helpless, whereas the whole story - even if it's unpleasant - lets them know where they stand.

4. Give employees a chance to air their objections. Change is more easily assimilated when a supervisor provides an opportunity for employees to blow off steam. A gripe session also gives leaders useful feedback which may reveal unsuspected reasons for opposition.

5. Take group norms and habits into account. For example, leaders should ask themselves if a contemplated change will break up congenial work groups; disrupt commuting schedules; unfavorably affect anticipated vacations, priorities,

RETIRED CURRICULUM

performance; require temperamentally incompatible employees to work together; violate a value norm of the group.

6. Make only essential changes. Most employees can tolerate only so much change. When they are confronted with many trivial or unnecessary changes, their reaction will be irritation and resentment. Even more important, they will be less receptive to major changes.

7. Provide adequate motivation. Motivation affects persons' willingness as an effective human resource to give or not to give themselves to their organization. Resistance may be reduced if these factors are taken into account seriously-- meaningful rewards, relationships, importance to the organization, initial success, opportunity to grow, and appropriate involvement in key decision making.

8. Develop a trusting work climate. Mistrust arises when people have inadequate or incomplete information, when they are kept in the dark, when rumors disseminate false alarms. One major reason for this is that they feel helpless - they cannot influence the situation. To build a trusting climate, tell the truth. Given the facts, they feel they may be able to do something about a problem.

Once the change has begun, it will be important to review, evaluate and get feedback on the progress of change. Be aware of early results; which can be overly positive (Hawthorne effects) or negative (insufficient time for skill acquisition or attitude adaptation to new challenges). It's most important that feedback about ALL aspect of the change be encouraged and then woven back into the cycle to fine tune the plan, debug errors, and incorporate insightful innovations.

RETIRED CURRICULUM

DEVELOPING A LONG-RANGE PLAN

Financial Planning

Financial planning is a method for determining long-range future financial conditions and needs, and the development of coordinated short-range plans.

A good organizational long-range plan will include the operations of all the departments within the organization. A good departmental long-range plan will address all of the challenges and needs of the department. Regardless of what level of long-range planning you may be responsible for, the financial considerations of your operation will have to be addressed. The following material will provide information on how to develop a long-range financial plan for a large organization or department. Many, if not most, of the concepts presented are applicable to any size organization and need to be modified or consolidated to fit the particular requirements of any size operation.

The primary intent of this course is to convey the purpose of a long-range financial plan. Quite simply, a financial plan should project future financial needs and outline milestones to achieve those future needs. To realize the basic elements of financial planning, the long-range plan must include an analysis of many economic projections and should be primarily focused on the local economic conditions. The good financial plan must take into account any and all external actions that affect the local economic situation. A financial strategic plan must take into consideration the impact of long-term obligations -- labor relation commitments, bond retirements, and mandated, nonfinanced programs from superior governmental agencies.

A long-range plan that has been carefully and methodically developed will be a comprehensible and useful tool for managing and monitoring the financial future of an organization.

The plan should also present a concise report of:

1. Where the department is currently.

2. Where the department is going.

3. How the department will get there.

A financial plan must address the department's operational program, maintenance, capital replacement, and capital expansion needs (service improvement). Besides the direct benefit of having a good plan to follow for future financial and budgetary needs, good planning provides additional payoffs. some of the additional benefits are: improved communications, surfacing of strategic issues (community trends), better solutions (alternate services or delivery methods), and a framework for decision making.

Length of Plan

RETIRED CURRICULUM

Planning theorists claim that a strategic plan could be projected and be effective for 20 years into the future. Realistically, practitioners have found that most strategic plans remain valid for approximately 5 years. Some strategic plans have proven to be mostly accurate for up to 10 years. A key element to any planning process is the final result; the plan itself is viewed as a flexible document, a document that will provide reasonable guidelines for the accomplishment of various activities, if and when certain other elements of the plan are achieved or realized.

Definition: Budget Administration

"The recording, controlling, and evaluation of financial income and expenditures within an organization."

An effective budget administrative system is based upon an integral relationship between the mission of the organization, the organizational goals, and the effective use of committed resources.

Purposes

The purposes of "budget administration" are to assure the proper use of funds, to document their use and to facilitate appropriate management decisions. A long list of responsibilities and activities can be cited as necessary for an effective budget process.

1. Develop internal budget controls.

2. Hold personnel accountable for variance within the budget.

3. Provide timetables for budgetary activities and review.

4. Analyze variances between allocated funds and actual expenditures.

5. Provide an audit trail that will allow managers to trace financial data to enhance financial decisions.

7. Develop efficient purchasing processes to reduce cost of operations.

RETIRED CURRICULUM

While an efficient and effective financial management system is time-consuming, most of the efforts are required to build the system the first time. If properly structured, adjustments for future years will be much easier. In fact, crisis research and decisions during the budget period will likely result in reduced efforts. A sound budget process should:

1. Enhance sound financial planning for greater efficiency of operational programs.

2. Create the valid impression for decisionmakers that allocated funds are well managed and spent appropriately.

History

Prior to 1970, most fire department budgets were primarily line-item or lump-sum. Resources were rather plentiful and policy makers were inclined to be rather liberal in the freedoms given to chief executive officers in the control and use of funds. In most cases the Fire Chief, single handedly, made all sorts of decisions as to how the money should be spent.

Analysts now agree that a virtual rebellion occurred among the people against the high cost of government, including fire departments, though to a lesser degree than other "bureaucratic" systems. Yet, the need to be accountable in government slammed the fire services as hard as many other governmental subdivisions.

Policy makers began to talk about "productivity" and asked questions like "What difference will it make if we cut that service?" Administrators were asked to identify "Where they were going" in the next 5 years and "How could they get there for less money?"

Objective Management

It is ironic that planning processes developed by the government during and after World War II and subsequently picked up by private industry were cited as "the way government should be run -- like a business".

Though Objective Management originated in government, it is safe to say that most governmental organizations, including fire departments, had not identified "where they were going" or "how they were going to get there". In other words, management processes were not objective.

RETIRED CURRICULUM

Master Planning

Around 1974, the United States Fire Administration began a major effort to educate the nation's fire services in the techniques for planning effective fire protection systems. Unfortunately, many fire department administrators "used" the process to build "bigger and better" fire departments without regard for impact on life loss, property loss, or other potential community consequences. This new tool provided a way to use a participative approach with the public to gain what was perceived by policy makers as a disproportionate share of available tax monies for fire protection needs. Master Planning, while it flourished for a few years, dropped from popular use. However, the issues of clearer definition of organizational purpose and more frugal use of limited funds remain as central issues in administering fire protection services.

Integrated Budgeting

As conservative politics became more prevalent, policy makers began to require a closer relationship between organizational productivity and cost of operation. In other words, the financial document was "integrated" with the planning process so easier comparisons could be made as to effectiveness and efficiency. In this way, it was easier to understand and make specific decisions as to what programs would be dropped and which would be maintained.

A quick review of the long list of responsibilities and activities of an effective financial management system, points out the need for precise clarification of where the organization is and where it wants to be. An integrated budget control document, as a minimum, contains the following:

1. A concise Mission Statement of organizational purpose.

2. System Goal statements defining the desirable outcomes for the organization in general and/or philosophical terms.

3. System Performance Objectives defining the degree to which goals will be accomplished.

4. An Organizational Design defining what general programs will be delivered to accomplish system goals.

5. Organizational Goal Statements for each program to be implemented.

6. Program Performance Objectives for each Organizational Goal defining the degree of accomplishment.

7. Process measurements and Impact measurements for each Program Objective.

8. Support Program Goals defining the desirable outcomes along with measurable performance objectives.

9. Enabling Objectives that define needed changes in the organization.

RETIRED CURRICULUM

10. A Task Analysis for each Program and Enabling Objective.

11. Line-Item Budgets for each Program and Enabling Objective.

12. Consolidated Summaries of all Line-Item budgets.

Plan Development Process

The experience of those government entities that have attempted some form of long-range planning has revealed the following trends during the plan's evolution.

With assistance from the jurisdiction's staff, the legislators develop a long-range or strategic plan that should include a statement about the types of services and the expected performance levels of the services provided. More comprehensive plans define specific goals that will be attempted to be realized in the future. For example, the long-range plan may include the level of employee compensation sought during a certain period, or a statement about the type of businesses or industries to be encouraged to locate within the community. Essentially the long-range plan becomes the basis for the organizations's mission statement.

Each of the departments within the organization develops long-range plans to support the jurisdictions's long-range plan and mission statement. Each division within each department develops strategic plans to support the department's mission statement and goals. As different variables impact each of the various plans unilaterally (e.g., geographic variations), or independently, the different plans/realizations/horizons will be achieved/ adjusted in support of the jurisdiction's mission.

RETIRED CURRICULUM

Models

The development of a long-range plan should not be a haphazard process. There are many long-range plan models that can be used for guidance. The Following model is a three-phase methodology which is used by many Fortune 500 companies.

Phase I Preparation

Phase II Development

Phase III Implementation

Phase I: Preparation

The ways in which an organization begins to prepare a strategic plan will vary from organization to organization. Depending upon the size of the organization, the initial preparation process might include:

1. Developing a planning proposal

2. Working with top management to get others involved

3. Laying out a preliminary work program

4. Presenting the planning methodology and a work program to top management

5. Establishing work space for the planning team

6. Acquiring clerical support

7. Holding a team meeting

8. Reviewing the jurisdiction's and the department's respective missions, goals and objectives

9. Identifying critical people to be interviewed

10. Conducting interviews

Once the planning team has been organized work should begin on two the basic tasks of the planning team, which are--promoting the plan and designing the needs assessment methodology.

Promoting The Plan

It seems logical to assume that, if permission were granted to formulate a financial long range plan, then the plan would be readily accepted by the department. Unfortunately, that has not been found to be true. The financial long range plan must be promoted within the department for a multitude of reasons. The reasons are determined by many factors, such as the department's mission, goals, objectives, current financial situation, projected financial situation, management philosophies, etc. Perhaps most important, the financial long range plan must be promoted as a tool to enhance the department's mission. Personnel must be assured that the financial plan is not the desired end product, but that the

RETIRED CURRICULUM

successful implementation of the plan will serve to reinforce the department's mission. The promoters of the plan should admit that a good financial long range plan may have some impact on modifying the mission, but the financial will not dictate the mission of the department. The plan must be promoted with both the decision-makers and the planners appreciating there may be some initial department-level avoidance of the plan due to the potential strategic and operational impacts of the plan.

Designing The Planning Methodology

Many of the events required to formulate a long range financial plan will have to be performed throughout the duration of the planning process . Designing the planning methodology is one of those tasks that must be carried out simultaneously with the promotion of the plan and the activities associated with receiving permission to plan. The ultimate planning methodology will determine the direction that all future planning must take. After receiving approval to proceed with a financial long range plan, designing the planning methodology is the first step to becoming organized.

To proceed with designing the planning methodology, several questions must be addressed.

1. Who is the plan prepared for?

2. What needs to be accomplished?

3. How is the planning process going to be organized and monitored?

4. Who is going to perform the identified tasks?

To be sure that the plan provides the best answers to these questions, it is important for the planners to recognize organizational aspects that will be varied and unique in each department, such as the level of awareness the organization has regarding financial planning. As critical as it is for the planners to know as much as they can about the department, it is also important that the department recognize the significance of financial planning.

Society, in general, is becoming more aware and concerned with government programs and spending at all levels. The primary ramifications are that not only that society is demanding that governments become more fiscally aware, but that they also become more fiscally responsible. For the fire service, one thing this means is that it must begin to develop methods of measuring productivity to demonstrate its value and worth, and eventually realize financial independence and stability.

Potential Benefits

A useful methodology can be designed only if the planners understand the benefits of a financial long range plan. Such benefits include providing methods for:

1. More efficient allocation of department resources.

RETIRED CURRICULUM

2. Performance measurement and evaluation.

3. Direct and indirect contributions to achieving the organization's mission.

4. A framework within which financial activities can be coordinated.

5. Encouraging management to think abstractly -- beyond routine activities.

A manager who can refer to a financial long range plan to monitor program goals and accomplishments will be able to focus upon current trends and determine future possibilities. This allows the manager to research various options and exercise the executive creativity they are charged with -- but seldom given the time or tools to do.

Potential Pitfalls

Despite the potential benefits of financial long range planning, the maximum potential can only be realized if the planners are aware of potential pitfalls. The following are only a partial representation of ways to avoid problems.

1. Avoid ad hoc planning. The planning group must be aware of the entire organization and the effect that all of the divisions and people may have upon the financial plan. In addition, the planning group must keep in mind that the purpose of a financial long range plan is not the acquisition of the materials necessary to execute programs. The financial plan should result in a systematic method for considering the mission and goals of the department and coordinating the process of applying the available resources to the department's programs.

2. Ensure recognition of the need for planning. This is directly related to the promotion of the plan covered earlier in this unit. Planners often assume that top management personnel have recognized the need for planning by the act of granting permission to develop a plan, only to discover later in the planning process that there is no legitimate support for the planning functions and that the act of granting permission to plan was more of a ceremonial gesture than a serious initiation of the long range planning process. Remember that the need to plan for your financial needs is not something to be "sold" and then performed. The process is time consuming and often too complicated to be easily understood with just a quick review. It must be "sold" and then the enthusiasm for the planning process must be maintained or promoted.

3. Recognize the 80/20 rules.

Interpretation 1: 80% of the benefits will be accomplished in the first 20% of the work.

Interpretation 2: 80% of the work will be done by 20% of the people.

RETIRED CURRICULUM

Interpretation 3: 80% of the problems are caused by 20% of the people.

4. Involvingthose affected by the plan. As soon as practical, in some aspect of the planning process is important. This too is related to the promotion of the planning process. There will be persons who will want very little to do with the planning process, if anything at all. However, be forewarned, if there is no attempt to get the participation of all affected persons, they will want even less to do with the plan after it becomes operational.

5. Do not be overly ambitious. Planners must not try to solve the problems of the world with the financial long range plan. The Crime Commission of 1967 committed a classical error in this respect; it oversold the potential impact of computers and recommended so many possible experiments and applications that focusing on priorities was nearly impossible. The plan must always focus on the organization's and the department's respective missions' and goals.

6. Make management responsible for the plan. Like ad hoc planning--if everyone is responsible, no one is accountable.

7. Planning is, or should be, a daily activity. While it seems logical to assume that those charged with the responsibility of formulating the financial long range plan would always be planning, that simply is not the case. What frequently occurs is that the planners become so involved in the actual drafting and formulations of the plan that many of the tasks required to maintain the applicability of the plan to the various influences are relegated as lower priorities or totally forgotten.

8. Service and results are essential. The financial long range plan is not the end product. The successful implementation and use of the plan as an evaluation tool are the desired results.

9. The resultant plan should be easily understood. Again, it is the responsibility of the planners to know their audience's level of knowledge and awareness regarding financial planning, and develop a plan that can be easily disseminated by that target group. In addition to designing an easily understood format and presenting it at an understandable level, brevity is also a major consideration. The message of the report is more important than its weight.

10. Use the plan for performance evaluation. This is one of the most ignored aspects of a long range plan. A properly designed plan provides the basic components of the Management by Objectives (MBO) process -- the objectives. All someone must do is occasionally refer to the objectives to determine if the plan is following the direction that the long range plan itself established. That is rarely done.

11. Recognize the political realities. This issue must be considered from several perspectives. First, what are the motives and ambitions of the personnel responsible for the financial long range plan? What are the motives and real

RETIRED CURRICULUM

agenda for the organization's decisionmakers as they relate to the implementation of the plan? When formulating a financial long range plan for a fire department, competition with other agencies for resources is likely.

What are the political realities of that situation? In other words, which department is more apt to receive funds in head-to-head competition? Finally, what is the knowledge and awareness about financial planning of the legislative body who must appropriate the funds?

12. Finally, once again, remember to sell the planning concept.

Phase II: Development

Some of the most difficult work of assembling a financial long-range plan was performed in Phase I. That is not to say that there is not a lot of work left to do, but at least the remaining tasks are easily identified and more easily monitored than many of ambiguous tasks performed in the preparation phase. During the preparation phase, the department's mission and goals were, or should have been identified, as well as the expectations of the plan, by top management.

Resolving Critical Issues

In the development process, it is the responsibility of the financial long range planners to more accurately identify and resolve the critical issues unique to the department. Some examples of critical issues are:

1. Economic
2. Social
3. Political
4. Legislative
5. Operational
6. Technological

Whether or not the plan should specifically address these issues in the body of the report is a parochial decision. In the majority of fire department long range plans, many of the issues (such as the political, economic, and social considerations) will be resolved before the planning is initiated.

RETIRED CURRICULUM

Gathering Information

The development process is the point where the planners must gather the information that will be used in the final plan. First, information sources must be identified. Some possible sources are:

1. Individuals
2. Documents
3. Special interest groups
4. Literature
5. Other departments

The planners must be flexible enough to extract useful information from sources that may not be public service or emergency services oriented. Once the process of identifying resources has been determined, the best approaches to acquire the desired information must be determined. Some possibilities would be:

1. Personal interviews
2. Telephone interviews
3. Questionnaires
4. Blind solicitation of comments

Identifying Planning Constraints

Considerations in this area would include, the availability of human and material resources and the planning expertise that is available in the organization or department.

Identifying Long Range Planning Areas

This heading represents the most significant purpose of the financial long range plan. In fact, for most fire departments, the identification of planning areas and a brief discussion of the strategies to achieve specific objectives for each identified area, will <u>BE</u> the long range plan. Some possible areas that will require strategic planning are:

1. Policy
2. Personnel
3. Apparatus/capital replacement.
4. Management
5. Operations
6. Productivity
7. Social implications

RETIRED CURRICULUM

8. Contingency planning

9. Automation (computerization)

10. Service expansion and community growth.

11. Others

Remember, these are simply examples of possible planning areas. The list does not represent all of the possibilities, nor is it intended to imply that all of the considerations must receive attention in all financial long range plans. Once the information is gathered the long range plan must be compiled into a logical and concise document.

Finally, and usually very anti-climatically, the financial long range plan must be approved by the person(s) who initially granted approval to carry out the planning process. The planners should be prepared for criticisms of the submitted draft, and be flexible and willing to make the necessary alterations to the plan that will satisfy the approving authority.

Phase III: Implementation

It is in this final phase of the planning methodology where the test of the financial long range plan will occur. Although this is in fact the final phase, that does not mean that planning is finalized. As the title of this phase indicates, it is at this point that the maintenance of the plan becomes more dominant than the actual task of developing the plan. It also means that the planning group will probably be reduced and specific planning tasks eliminated.

Who should get the plan? First, those who have a need to know, organizationally. Second, obviously, plans must be distributed to those who are expected to use the plan.

Remember, as has been stated several times throughout this unit, the above distribution plan would be applicable to very large departments. As the size of respective agencies diminish, many of the distribution requirements would be consolidated or eliminated. It may be so simple that only one additional copy of the original plan may have to be produced, and that copy would be for the files.

The implementation process will vary among departments. Essentially, the implementation of the financial long range plan will be the responsibility of management. Depending upon the goals of the plan and the objectives of each of the planning areas, the tasks for implementation are infinite. What is important is that the long range plan be fully understood by all of the parties attempting to implement it. Ad hoc groups may develop, which will pursue an implementation strategy that is counter productive to the overall plan and department.

RETIRED CURRICULUM

Update And Review

The closing comments of the above topic would represent an episodic reason for reviewing the financial long range plan. Also, as was discussed in the section about the potential pitfalls of long-range planning, political developments (elections) might create reasons for reviewing the plan. While control of events that would necessitate reviews is limited, periodic reviews are within the department's control.

One of the advantages of periodically scheduled reviews is that they provide a specific point in time when several influences upon the plan may be reviewed at one time. This would minimize the tendency to adjust the plan every time a significant event, relative to the plan, occurred. In turn, the possibility that the plan would begin to stray from its original goals and objectives would be minimized.

Managing And Controlling

Managing and controlling the plan differs from reviewing and updating the plan in the sense that managing and controlling are daily activities, while reviewing and updating are periodic activities. However, the daily activities should identify when a review or update is necessary. To identify how the financial long range plan is progressing after implementation, the following parameters are useful:

1. What is the actual performance of the plan versus the anticipated performance?

2. Extent to which the plan is realizing the various planning objectives and goals.

3. What are the unexpected benefits or burdens the plan is responsible for.

4. Involve those affected by the plan in a candid discussion of the mistakes.

Summary

The preceding information details a very comprehensive design methodology for developing a financial long range plan. While the information is voluminous and very detailed, rarely will all of the aspects reviewed be required. It will be up to the planning coordinator to determine the facets that are applicable to his or her respective agency. Furthermore, that person will have to identify the specific considerations that should receive attention under each subheading (Identifying Planning Areas).

RETIRED CURRICULUM

UNIT IV: BUDGET PREPARATION

OBJECTIVES

The participants will:

1. Prepare a budget based on established priorities and using interdepartmental negotiations.

2. Identify their own department's strengths and weaknesses with regard to budget preparation.

RETIRED CURRICULUM

OVERVIEW

What are the rules of the game and who are the players? This unit begins by emphasizing the importance of knowing the local setting as it pertains to budget development. What is the budget management philosophy and the political subdivision within the department? What are the politics? Which type of budgeting system is used, and which internal process is used?

Should the fire department be interested in other city departments getting adequate funding? The need for participation, communication, and a pragmatic approach in priority-setting is emphasized.

Cost allocation models are presented which may help in setting priorities and fees for programs; allocate costs to various programs; and to analyze, and defend against takeover bids.

EVALUATE LOCAL SETTING FOR BUDGET PREPARATION

Operating Budget

The relationship of the operating budget to the Strategic Financial Plan (SFP) must be recognized. Unit II introduced the concept of developing a SFP. The SFP links the operating budgets year by year to the long-range plans of the organization's and jurisdiction. Depending on the budget philosophy used by the jurisdiction the SFP may range from nonexistent on paper to a formal document spelling out fiscal position up to 15-20 years in the future. Even when no paper SFP exists, most jurisdictions have long-term debts or assumed service and facility obligations which impact on the yearly operating budgets.

The operating budget documents the currently available resources (often on a monthly basis) and approved (usually on a yearly basis) to support the implementation and maintenance of programs consistent with the mission, goals, and objectives of the organization.

Budget

A budget is a comprehensive plan, expressed in financial terms, by which an operating program is effective for a period of time. It includes estimates of the services, activities, and projects comprising the program; the resultant expenditure requirements; and the resources available for their support.

Local Setting

It is important to understand and be able to evaluate the "local setting" for budget development. At this point it may be worthwhile to distinguish between the meaning of local setting and community trends and patterns.

Community trends and patterns are more programmatic, referring to the current planning information used for determining future service and program needs or changes. This information is used in the budget period and for long-range planning. This information may be developed formally through data

RETIRED CURRICULUM

processing and through contact in the community with groups and allied agencies.

The local setting is literally the environment in which the new budget must evolve and other current conditions that may affect the budget under development. The next two sections of this unit will examine the types of budgets and the formal rules of development that may be applied. Regardless of the budget type or formal rules, it is a good idea to first identify the players and the informal rules and communication channels. One could easily refer to this as politics; to try to think of budget development as nonpolitical is wishful thinking.

So, one of the elements of the local setting is the political condition of the moment. This political environment functions on three levels: within the governing body, between the various city departments, and within the fire department itself.

Political Considerations

Within the governing body one can usually find personal or factional agendas, both overt and hidden, that may affect the budget development process. Just being aware of these can help you either take advantage or avoid "kicking the hornet's nest" with wording in your budget document.

Communications Channels

Another aspect of this examination should be the identification of communication channels to and from the governing board, both formal and informal. What are the rules regarding the use of these channels? In some jurisdictions, severe sanctions are imposed for department-initiated direct communiques to the governing body regarding the budget. Often these same jurisdictions give free range for responses to inquiries from the governing body or any of its members. So, be ready!

Politics

The politics between departments can be gruesome. Two things to determine are the degree of competitiveness in the budget process and the level of understanding of interdependence between departments. In an atmosphere of competitiveness it may be a good counter tactic to be nondefensive and supportive of reasonable requests from other departments. There is, after all, a certain degree of interdependence between departments. Good streets, police services, water systems, etc., do contribute to the fire department's success in meeting its mission. Being supportive also provides opportunity to call in favors later.

Are there any on-going grudges or paybacks due? One department found that the real reason for most budget difficulties and opposition from the city hall departments stemmed from the fact that the public passed a fire department bond issue for a new headquarters and equipment in the same election that they turned down a new city hall bond. Two

RETIRED CURRICULUM

years later the fire department produced a slide program and worked very hard before the election promoting a new city hall. It still failed, but the grudge was no longer there.

Budget Tradition

The budgeting environment within the department is very important. The next section of this unit will examine the various types of budgets. The management philosophy and budget tradition of the organization are of prime consideration when contemplating a new budgeting system. Implementing a more participatory budgeting system may be an insurmountable challenge in an organization which functions under an authoritarian rule without a true commitment from top management to release some control permanently.

Training in budgeting skills also needs to be inventoried and provided as needed before changes in the system can be affected. Division managers who feel handicapped in the process can become disillusioned and adversely affect many parts of the organization. Training should also be provided for newly promoted officers and candidates on an on-going basis.

At all three levels mentioned above, we need to identify the movers and shakers in the process. Who and where are the power centers? What are the appropriate communication channels to use with them? What is on their minds this year?

What is the department/jurisdiction's budgeting cycle? As was mentioned in the course introduction, financial management is a dynamic process. It never ends, as one budget is adopted, another is being closed out, and we must begin working on next year's, while tracking progress on the one just adopted.

A typical budget cycle is illustrated later in this unit. Notice that there is budget-oriented activity throughout the year.

Pending Legislation

Pending legislation is another area that must be assessed before budget development. Local, state, and federal legislative action can impact on revenues expenses.

Some legislative activity can have far-reaching impact on revenues. Some legislation may mandate additional programs or workload. Some state mandate certain training levels without funds or programs to provide the training. In a political/cost cutting move, one municipality, City of Miami, FL, abolished the building code enforcement department and placed the responsibility on the fire department.

Current Events

Current local events that may affect budgetary decision-making must be examined. These may range from major events such as the Olympics to local bike-a-thons.

RETIRED CURRICULUM

Community Standing

The department's standing in the community is also of concern for budget developers. The fire service usually enjoys a positive image in the community. However, it is dangerous to count on this image without question. Some departments have experienced negative impact on their budget because of bad press. Others have had budget backlash because of previous apparent extravagant spending. The latter case is usually due to a lack of planning and/or indiscriminate spending by a manager.

Interjurisdictional Agreements

The current status of any interjurisdictional agreements or contracts must be evaluated for any budget impact. Many departments have entered contracts to provide service to neighboring communities. Are there any changes in conditions that would increase expenditures?

There may also be opportunities for budget-stretching savings through pursuing agreements with other agencies. Some of these were mentioned in the planning session and indeed would require some degree of long-range planning.

Once the local budgeting environment has been evaluated, it's time to examine the type of budget used.

TYPES OF BUDGETS

Purpose

The challenge to any budgeting system, and usually its downfall, is the conflicting purposes that exist for the system. On one hand, policy making, decision process is the system objective. How much and of what type resources do we want to expend on the programs and services that address the mission of the organization? On the other hand, the objective is that of a management control system. Are monies spent for purposes other than those intended? Are there any over-expenditures?

Most budgeting systems are weak in one or both roles in the effort to compromise between the conflicting needs. A system weighted heavily with management control is usually so very loaded with detail that vision of the department's mission is easily lost. Conversely a system that concentrates on programs usually lacks the detail to be a good control tool.

RETIRED CURRICULUM

Lump Sum Budget

Definition: All or most of available funds are discretionary.

Advantages:

Disadvantages:

Line-Item Budget

Definition: In the pure form, the Line-Item Budget groups expense items by type, without regard to program allocation.

The line-item budget is the most commonly used budget type, for it satisfies most of the needs of control-oriented managers inside and outside of the department.

Advantages:

Disadvantages:

Performance Budget

Definition: The Performance Budget is an output-oriented system whose goal it is to lower or keep unit cost steady. The PB general features are:

1. Standards of performance are set for each organizational unit.

2. Compliance is measured against those standards.

3. Units of work are divided by the dollars allocated and a unit cost is derived.

RETIRED CURRICULUM

Advantages:

Disadvantages:

Classical Budget

Definition: In this budget type the appropriations are by organizational unit. Within each program appropriations are made by lump sums to major objects.

Advantages:

Disadvantages:

Zero Based Budget

Definition: Within the Zero Based Budget programs are identified as decision units; analyzed within a decision package; evaluated and ranked with all decision packages; and included in the budget on the basis of approved decision packages.

The decision package includes a statement of purpose; a description of action proposed; an analysis of the costs/benefits of the package; workload and performance measures; an analysis of alternative means to the objective; and costing at various levels of effort.

Advantages:

Disadvantages:

RETIRED CURRICULUM

Planning Program Budget

Definition: With the Planned Program Budget programs are identified and objectives set. Numerous alternative routes and methods of reaching the objectives are listed and a centralized staff of independent analysts do cost-benefit studies on each alternative. Ideally, the most cost beneficial plan is adopted and a multiyear plan is developed. Each year the plan is programmed into the current budget ensuring continuity.

Advantages:

Disadvantages:

Integrative Budget System

Definition: The Integrative Budget System attempts to bring the best of the other budgeting systems into one package.

At its heart it is line-item based, but computer driven. The line-item details are for operational use only.

The cost-benefit of PPB is used, but only to the degree that initial analysis indicates it may be worth the effort. The approved totals are appropriated without detailed control and are subject to post-audit and critique.

Programs are defined at the lowest possible supervisory level and are aggregated upward with all overhead and support costs distributed across all programs.

Performance indicators are arrived at for use by program managers and are not hard-and-fast measures.

Advantages:

Disadvantages:

RETIRED CURRICULUM

Conclusion

The budget type adopted must be consistent with the local management philosophy and political climate. Adopting a budget type that is contradictory to management style in order to appear progressive may hurt the manager in the long run.

ESTABLISH INTERNAL BUDGET PROCESS

Need For A Process

The development of a budget is an ongoing, dynamic process. It would seem totally unreasonable to maintain a free-for-all budget process year after year. In a department with weak leadership and no established process, the process will acquiesce to the informal power centers of the organization. An authoritarian leader without a process will create the development of what will look like Christmas wish lists. This promotes the "dictator Santa Claus" syndrome. Some chiefs like this.

Setting ground rules establishes standards for uniform presentation and development of resource needs. All program managers need to know how their proposals will be evaluated and that all proposals will be treated the same in the evaluation process. to maintain a state of uncertainty in such an ongoing and important activity is asking for uncalled for stress, low morale, high sick leave, and ineffective us of public resources.

Internal Ground Rules

Internal ground rules should be established relevant to the following:

1. Service level/resource needs evaluation of base requirements (current level of service). Are current levels assumed legitimate or are they evaluated annually? What data standards are required to support trend change needs?

Are new program proposals required to include a statement of performance measure criteria? They probably should be. Such requirements will tend to separate the "I think they should..." proposals from the "If we did this..." proposals.

2. Deadlines for timely completion milestones. In an organization pursuing participatory budget development, it can be a challenge to get all of the pieces completed in a timely manner. One way to encourage completion is to exclude any proposals submitted past deadline. This is a drastic measure that may not be possible for many programs.. That places top management in a disciplinarian role.

Another approach is to establish ACTion PACTS with the development group. an ACTion PACT is a contract on paper that establishes:

What is to be accomplished?

Who is primarily responsible?

RETIRED CURRICULUM

With whom are they to interact?

When is it to be done?

How will we know it has been completed?

The piece of paper is not worth much unless it is in constant view. One department includes the current ACT PACTSs in the daily pass-on book. The ACT PACT is then reviewed during the division chief meeting at 8 a.m. every day.

Proposed Format

It is desirable that all proposals should be in the same format once ground rules are established. To facilitate this, most departments provide forms for the presentation of programs proposals. Charts and historical data needed to formulate proposals should be made available to all those who are working on the budget. With proper training, managers will feel comfortable using a standard vehicle for communication internal budget needs.

Who Is Responsible

Who should be responsible for budget preparation? One of the downfalls of many budgeting systems is the notion that a small group of elite people can control the expenditures of vast sums of resources by many people over a broad organization.

The progressive view is to delegate budget preparation, and a measure of control, to a level responsible for expenditure. Providing sound ground rules have been established and are met, this level is most aware of base needs an will do a better job of resource determination an justification.

Using the program/line manager level for budget preparation has training value in th appreciation of the value of resources. After interacting with other program managers, it is much to understand limitations placed on scarce resources.

After implementation, this level will generally do a better job of administering an expenditure plan they helped establish. Also, after having been involved they will be better able to explain expenditures by other programs or divisions to their personnel.

It is usually a good idea to encourage all employees to contribute to the process with some restrictions. Employees must be aware of time and scheduling constraints. In larger organizations it may be necessary to design a mechanism for representation.

Administration should assume the supportive role of coordination and preparation of the final budget proposal. The administrative secretary should be able to assist program managers and line officers with form and content layout.

RETIRED CURRICULUM

The careful use of frequent work sessions and meeting can be helpful in answering developer's questions and providing a forum for the exchange of ideas on progress reports. If the ACT PACT system is adopted, a few moments should be given to their review and modification as needed.

Cost Of Services

The purpose of costing services is to estimate the cost worth of services and programs within the total budget. May be used to aid in distribution of overhead and support functions to programs in some types of budgets mentioned earlier in this unit.

Establishing the cost of services can aid in setting priorities and be used as the basis for setting service fees. Costing of services can also help with the fire service dilemma of the value of stand-by time.

The cost of services can be established through the use of cost allocation models. Like any model, the purpose of a cost allocation model is to help the manager make a simplified abstraction of the real situation as appropriate to the question. The question to which we speak is the answer to another question, "Why should we do cost allocations?"

"We exist! We put out fires! We consume resources! Someone has to do it! What's the big deal?"

Yes, someone has to put out fires, but should it be you?...with your budget? What does it cost us to put out fires? What will it cost us to implement the new inspection program? Or not to implement the program? If the governing body wants to charge for services, what would be appropriate? What does the community pay to have the services available, even if never used?

These questions are some of the reasons for doing cost allocation modeling--these questions are also being asked of the fire service more and more often.

Five cost allocation models have been identified for discussion in this text. Each may be appropriate for some questions of cost allocation. There may be others just as valid.

1. Time is money.

2. Fire protection budget/numbers of runs.

3. Budget/number emergency resource units required.

4. Emergency staffing by OT.

5. Zero incident staffing level.

RETIRED CURRICULUM

As we take a close look at each model, an overview will review the situation (question) for which the model may be useful, any assumptions made in the methodology, and any obvious short-comings of the model. In each case, we will use the same example.

Total Budget	$7,037,718
Debt retirement and capital items	550,000
Personnel cost	6,063,074
Overtime	350,000
Fire prevention	123,000
Number of responses	5,414

Time Is Money

All activities are on equal footing. The present model from a mathematical standpoint, will show exactly how expensive stand-by time is. Personnel costs just as much watching TV as fighting a fire, apparatus costs just as much sitting on the apparatus floor as it does at a three-alarm fire (minus damage and fuel). This model may be very useful in countering low ball private sector takeover bids in a productive department. The fire chief can say, "Oh, they'll provide fire suppression for $800,000. Well, our fire suppression cost si only $680,000, $80,000 is public education, $160,000 is occupancy inspections, hydrant inspection is $15,000..."

This model may also be useful in selling new programs, in which on-duty personnel will take part, for the cost of the new program will simply be its overhead and re-allocating personnel expense from nonproductive stand-by to the productive program.. Under this model there may be a temptation to try to eliminate stand-by costs as totally undesirable, hold on to "productive" programs which are no longer productive and make busy work. The model will show the lowest possible cost of actual fire scene activity.

Methodology: An inventory or accurate estimate of time spent in all activities by pay grade is needed. This must include an accounting of overtime and clerical support by activity. From this the personnel costs of each activity can be calculated. Adding the costs of consumable supplies and depreciation of equipment acquired specifically for the activity gives the base costs.

If the purpose of this costing was to protect against takeover, do not include an appropriation for capital equipment and facilities as these usually are still acquired by the governing body in contract situations.

If a total bottom line is desired for each activity, the capital expenses (including debt retirement) can be proportioned according to the percentage of time spent in the activity.

Protection/Number of Runs: The next two models are useful to determine the highest possible cost of emergency activity. This may be desirable when a political decision has been made to place the entire (highest) cost burden on nontaxpayer users of the department's emergency services. These two models

RETIRED CURRICULUM

assume that "we exist to answer emergency calls" and that all costs should be attributed to those activities. The use of these models in budgeting is ill-advised because if the number of runs drops, it is too easy to reason that the budget must also drop. This model yields the same cost for a trash barrel fire as it should a three-alarm commercial fire.

Methodology: The easiest of all models; simply take the department budget and divide by the number of runs. Actually, any facets you did not want to include could be subtracted first: Example:

Budget/number of runs	=	cost per run
$7,037,718	=	$1,299.91

or

Minus fire prevention

$7,037,718 - 123,301 = $1,277.14

Cheap for a structure fire; perhaps a bit high for a trash fire.

Budget/Number Emergency Units Required

This is an emergency response pricing tool which will yield the highest possible rate, but not he same for each type of response. It is very involved as major budget categories are considered separately, and base and hourly rates are established for each apparatus or service center involved in the delivery. This model comes closest to the type used for profit businesses but it still considers only emergency activities as chargeable to the entire budget (unless you exclude something).

Methodology: Determine total cost per year of each category listed in the spreadsheet. Decide the percentage of each category to charge each incident as base rate (judgment call); the remaining percentage will be divided among resource units per hour charges.

Set standard manning levels for each unit and determine personnel resource units (PRU) used per hour. PRU = cost expressed as a number with firefighter average age as "1." Take PRU for each type of unit times the number of hours that type was on-scene for a year. Divide the result into personnel budget not charged in base rate.

Set apparatus replacement costs and determine depreciable life. From that, calculate the yearly cost of apparatus, the base charge per run, and hourly rate for on-scene.

A computer spreadsheet was used to produce the model and thus calculate the example. Each year, new rates can be set by adjusting the several variables as appropriate.

RETIRED CURRICULUM

Staffing Via Overtime

Modification of the above is used to yield lower emergency activity cost which still recognizes hazard exposure. It may be useful when costing of services for charging users is desired. The emergency activity costs are computed by assigning the OT rate to the personnel resource units used for alarm activity and support. Their service charges can be computed in a similar manner.

Zero Incident Staffing Level

This model establishes the cost of stand-by (having emergency services available) by assuming that if there were no alarms, staffing could be one driver per apparatus. It assumes further that the alarms and other activities are the reason for more staffing and expenses. Therefore, all costs above established stand-by costs are allocated to activities according to the ratio of time and resources spent on that activity.

This model may be useful to help establish charges to user taxpayers whose basic taxes are thought of as paying for the availability of services never used. The charges for nontaxpayer users can be set by injecting the complete budget into the activities ratio where the reduced amount had previously been injected. A previous example calculates the taxpayer and nontaxpayer rates for emergency activity. This model may also be appropriate to assist in cost allocation to budget programs when it is recognized that some of the department budget is for the sole purpose of having services available on a stand-by basis.

RETIRED CURRICULUM

DEVELOP A TASK ANALYSIS AND PROGRAM BUDGET

Measurement Detail

Once all the objectives are clearly sated and set in order of rank, more specific work and impact measurements are identified. These are generally numerical quantifications of what will be done and what will result in terms of the program objectives. Each objective for each program goal is reviewed to determine the specific dimension that is to be quantified.

Past experience can provide historical knowledge so that reasonable and prudent importance of relevant data to make these decisions cannot be over-emphasized. However, once the performance criteria are clearly stated, then the needed data are easily identified. A form is provided for recording work and impact measurements.

Incidentally, if measurable impact results cannot be identified, it is questionable if the program is worthwhile. If their is not an identifiable advantage in continuing the program, why invest money in it?

Task Analysis

Before the actual cost can be calculated for a program or enabling objective, it needs to be specifically determined what activities will be carried out and what resources will be needed. This is usually accomplished by carefully analyzing each objective often referred to as task analysis, an includes the following steps:

1. Task Identification:

   Usually through a brainstorming process, all tasks necessary to accomplish the objective are listed and eventually organized in chronological order of completion.

2. Establish Responsibility:

   A specific individual is identified to be responsible for being sure that each individual task will be completed--someone who can be held accountable for its completion.

3. Estimate Costs:

   The specific cost for completing each task is identified and recorded on the form. If the objective is complex, a more detailed cost analysis may be required.

4. Schedule Tasks:

   A time frame for completion of each task is identified with a start date and a completion date. The specific time frame for the objective will depend upon when it is to start and when it is to be completed. The example sets for the time frame in a format are generally referred to as a Gantt Chart.

RETIRED CURRICULUM

5. Establish Milestones:

Once the time frame has been completed, it is easier to analyze requirements for other issues such as committee meeting dates, reports required or evaluation dates. These too can be entered on the chart.

6. Gain Approval:

In terms of an agency budget, it may not be necessary to include the task analysis in the budget document. However, within the organization, gaining approval of the implementation strategy for a given objective is a good practice.

The timeframe chart should not be etched in stone. It should serve as a guide for completing the objective. If adjustments are necessary, they should be completed as early as possible and necessary approvals obtained.

Line-Item Budgets

Once the detail work is completed, then a line-item budget can be developed for each program and for each enabling objective. In some cases it may be desirable to develop a line-item for each program objective. This will depend on the nature of the objective. A form is provided in the guide for this purpose.

At first, it is often difficult to do task analysis and detailed line-item budgeting because we traditionally have not addressed these items. As an example, we may have maintained three-member engine companies for many years to pointing out that the activities involved are taken for granted. However, in reality their is a continuing process of selection, training, scheduling, and promoting fire personnel to meet this objective. Once the tasks are identified, it is easy to calculate how much the process costs in resources.

Built-In Paperwork

Often there is considerable resistance to the planning process just outlined in this unit. Surely it takes a great deal of time and frustration to put the house in order. Managers who have effectively put the organizational plan together, both in and out of the public sector, will agree that once in place, it became a very effective management tool reducing administrative and operational resources. It is a lot like building a house. The initial construction takes a lot of time and resources, but after it is built, it is easy to live with.

ESTABLISH BUDGET PRIORITIES

Introduction

Regardless of how much participation and who participates in the budgeting process, priorities must be set. Whether the priorities are recommendations from a committee to the chief or the chief's specific decisions, it will be worthwhile to refer back to the organization's mission, goals, objectives,

RETIRED CURRICULUM

and the SFP. What is the impact of the program toward the department's mission or major goals? Is that impact worth the cost of the resources involved?

Ranking

Ranking of budget priorities typically will be based on the following order:

1. Mandated programs: Those programs that have been legislatively directed by state, local, or federal action. Training certification is one such example in some states; the city charter or an ordinance may require the fire department to handle building code enforcement.

2. Current level programs, if otherwise justifiable, usually enjoy a high order of priority. Maintaining stable, viable programs has value for morale, as well as the value of the program itself.

3. Replacement and maintenance needs which support level programs: Failure to maintain equipment used in a viable program can be dangerous and cause the loss of advances to this point.

4. Expansion programs which do not require a high outlay of one-time expenses and low recurring expenses generally come next.

5. Expansion programs which require high outlays of capital and, lastly, high recurring costs are generally of lower priority in budgets during austere times.

6. Discretionary money is generally the lowest priority in most budgets, although not including any can cause missed opportunities.

Manipulating The Budget

There will, of course, be situations where the manipulations of the budget priorities will be necessary. Considerations in the manipulation of the above priorities will vary.

1. Legal authority/requirements will be of primary concern. There is a very real need to keep officials an top management out of jail; it is not good press! The fire budget manager needs to be diligent in seeing that top officials do not make appropriations in an illegal way. This is a rare problem, but one which is sometimes seen with elected fire boards who may feel that they can spend what they want with whom they want. There is also the need to protect against exposure to unreasonable liability. Ignoring state laws and regulations is not a good idea.

2. Effective program levels need to be maintained. If programs become ineffective, they also become a financial liability. There may be a change in the acceptable level of risk that may require budget adjustment.

RETIRED CURRICULUM

A determination of the programs that will better serve the community's needs should be made. The department's mission, goals, and objectives can give guidance.

The effect of inflation must be assessed. At times it may be so low as to require no adjustments. High inflation will most likely require a service level change, workload transfer, or additional resources to maintain the same level.

Political Considerations

These must be considered at this point to avoid political wheel-spinning at a later date. As mentioned earlier, budgeting is a political process; the sooner political considerations are taken into account the better. Do not place politicians in a position where they must make a stand in public. Remember that their primary interest is how they will look to their constituents.

What are the politician's pet peeves? Can these pet peeves be used to develop programs? Selecting the proper wording at budget development time may just tickle the fancy of a politician.

Be aware of political relations between jurisdictions. At times it may be necessary to make comparisons. When doing so in the political arena, make sure the comparisons are made with credible jurisdictions. Do not be afraid to set your own precedent, if the climate is right. If the political environment promotes innovative approaches, take advantage as appropriate.

Internal Considerations

Internal department considerations should be made when setting priorities. Morale builders such as trips, team building, organizational development, well-maintained equipment, and good working conditions will pay off in the long run.

The impact on labor relations should be considered. When all those affected are allowed some participation, they can be allies. If the union agrees to a program, that program has a better chance of succeeding, especially if it requires extra effort from line personnel.

Financial Factors

Finally, the financial factors must be considered. The government body's financial manager will be concerned so you should be prepared. What is the relationship between programs and resources? Do any raise money or pay their own way? If the organization is volunteer, what is the fundraising visibility of the program being considered?

Total cost of services and programs should be considered. Cost models may be helpful here. Not only should the cost of the program be determined but also the cost or impact of not doing the program.

RETIRED CURRICULUM

INTERFACE WITH OTHER DEPARTMENTS AND AGENCIES

Formal Interaction

The importance of formal interaction cannot be over-emphasized. There is often a tendency in the fire service to feel other city departments are not as important as the fire department. This promotes isolationism within the fire department staff, leaving officers uninformed and naive.

Meetings with other departments can gather information on needs and intentions for the coming year. All departments stand a better chance in the long run by being supportive and united in the quest for resources. Understanding the programs and intentions of one another`s departments can prevent bids for conflicting programs. This is especially true of the public safety agencies.

Establish communication channels/contacts with the other departments and officials in the jurisdiction. This should include the financial officer and the chief executive officer. The chief executive officer can provide insight into the budget climate and political priorities. Contact with other agencies should be maintained, you do not want surprises in programs or methodology, even from neighboring departments, during budget hearings or negotiations.

Labor union discussions, of course, can have a budget impact. Depending on the labor relations tactics of the jurisdiction, the timing of those discussions should be coordinated with budget development. Ideally the discussions with the union and the budget development process should not create undue pressure on the other.

Like the budget process itself, contact with city officials, other departments, and agencies is an on-going process--the budget is dynamic, and so are the department's relationships with others.

Informal Organizations

It is important to know the informal organization within the political subdivision. Informal communication channels exist--learn how and when to use them. Who are the unofficial leaders or power centers? The grapevine at city hall, or the secretary in community development, can be a significant source of information about hidden agendas and strategies. Where do the elected officials gather unofficially for morning coffee or breakfast, for example? Why and what are on the mind of the community power centers--not the elected officials, but the behind-the-scene influences.

Negotiations

As negotiations or interface with other departments and officials begin, interpersonal dynamics is very important. Recognize the need to be pragmatic--avoid emotionalism. Arguments about burning babies are more likely to turn people off than to secure them for your cause.

RETIRED CURRICULUM

Recognize interdependence between departments; we are all here to serve the public and the community. We are on the same side. Lousy roads make lousy response times. Poor hydrant maintenance or no replacement program for older water mains could interfere with our mission.

The relationship with jurisdiction's financial officer director is an important one and deserves attention, here and back home. The manager will affect communication. That in turn can have a profound impact on the relative success of your budget efforts.

The most common background for a financial officer can be expressed as a perspective toward detail and control. This type will usually leave program definition and management up to the operational manager. He/she will at the same time ensure that the resource allocation has the opportunity of policy review, that specific expenditures are made according to the letter of purchasing directives, and that each item is assigned to the appropriate category in the budget.

The converse financial officer personality perspective is one of cost-benefit analysis. You must convince this financial officer first, of the worth of the program with sound cost-benefit justification. Once sold on the program, this financial officer is much less interested in the details, often to the point of bending the procurement rules if it will save some money.

Your financial officer may be somewhere in between these two types. Whatever the financial personality type, a professional, businesslike approach will be more successful than emotionalism. even though they may be coming from different directions, both the fire manager and the financial officer should have similar goals and objectives--financially responsible fire safety.

Sharing Services

Another way to get more programs out of a given amount of resources is to pursue budget-stretching opportunities with other agencies. Sharing services can help meet mutual needs of allied agencies, avoid duplication, and reduce cost. Mergers are potential budget stretchers for local governments. Some examples would include:

1. The merger of police and fire.

2. The merging of building/code enforcement and fire.

3. Various forms of merged dispatchers.

Less drastic, but with the potential for savings, is the notion of shared facilities and services. For example:

1. Administrative offices. This provides potential for joining such functions as data processing and media.

2. City maintenance facilities are often shared.

RETIRED CURRICULUM

The first step in pursuing shared services is to develop an inventory of resources and responsibilities that may be shared with internal and external agencies. Next, is to approach others with proposals to initiate sharing.

The actual agreements reached may be varied. Non-structured, mutually beneficial exchange is common; such as the traditional fire protection mutual aid pacts.

Reciprocal contracts have potential where departments are close or allied agencies have special talents. Examples might include:

1. We paint your building, you test our hydrants.

2. You provide EMS transport, we will inspect your commercial occupancies.

3. We test your pumpers, you test our hose.

Some agreements may be unilateral. A political power base may result in involuntary merger or takeover. For Example: The county commissioners are convinced that merging independent fire companies into a county department is in the public interest.

State law mandates may cause a unilateral merger. Many state laws require that annexation by an incorporated city will result in the swallowing of the fire district's service responsibility, and debt.

DEVELOP NEW REVENUE SOURCES

New Sources

For each potential new revenue source identified in planning, establish the amount of revenue which can be generated. Identify all variables affecting the total revenue, and using fluctuation ranges of variables, determine high and low amounts possible.

The cost of generating revenue must be determined and included in the budget. A determination of the expected collection percentage and the cost to improve that percentage. What collection mechanism is to be used? Will city hall provide billing or will the department do it internally?

With new revenue sources, a delay in realizing positive cash flow will be experienced. This must be determined and planned for. The long-term stability of the source must be determined. One-time windfalls are certainly welcome if the responsibility and costs do not outweigh the benefits, and if we do not commit to recurring costs based on this income.

Develop Salable Proposal

Develop a salable proposal for new revenue sources. Show that it is necessary, reasonable, and financially/functionally sound. Show the "what's in it for me?" for the political decisionmakers.

RETIRED CURRICULUM

Cost Unit

Cost out any new program to determine the unit cost of the service. This can then be used to set user fees, if the policymakers choose to do so.

EVALUATING REVENUE SOURCES

Sources of Funding

Government entities have three main sources of funds: tax revenues, debt issues, and intergovernmental revenue sharing. Sources of revenue would include grants, investment income, contributions, fines and penalties, and marketing income. The following material will discuss each of these revenue sources.

Tax Revenues

These are mostly used for funding the day-to-day operations of a jurisdiction. A list of some of the taxes a juisdiction might levy would include property tax, sales tax, personal property (luxury) tax use tax, consumption tax, licenses, and permits. If a budget is financed, in whole or in part by taxation, and the taxing and appropriation procedures effectively separate payment from use and enjoyment, the result is undoubtedly a shift of burdens and satisfactions among the citizenry--some citizens get more satisfaction and pay less, while others get less and pay more.

Debt Issues

These are mostly used for funding the capital improvement and capital purchases of a jurisdiction. In the private sector the cost of capital is a weighted average of debt, equity, and internal financing. In the public sector, there is neither tangible evidence of owner's equity nor any market value for the services rendered by government. The only market for equity interests in the public sector is the bond market. It can be argued, therefore, that the appropriate public sector cost of capital is the cost of debt. Certainly debt has an objectively measured cost which can be calculated.

Intergovernmental Revenue Sharing

These funds are mostly used for supporting programs designed to fulfill a social-oriented program (e.g., Meals on Wheels, the building of a community center, etc.). These funds are distributed annually and may be distributed by the area (e.g., county) government, or more likely, the federal government. Recently these funds have come under fire from several sources because of the lax control methods that have been used to monitor their distribution, and more significantly, because of how the funds have been used. The continuation of these funds has been debated considerably by Congress in the past and the possibility that these funds will be eliminated, or phased out, is likely.

The "real" costs of operating programs, initiated or supplemented by revenue sharing, eventually begin to erode the advantages of the original benefits. The erosion is caused by

RETIRED CURRICULUM

not appreciating the principle of "complimentary budgeting." This occurs when an accurate estimate of future maintenance and operating costs, which are the responsibility of the jurisdiction receiving the funds, is not performed when a program is launched or a building is constructed. Eventually, the costs of maintaining the program outweigh the advantages of the program or facility.

Grants

These funds are similar to intergovernmental revenue sharing except that they might be provided by a governmental entity, foundation, corporation, or an individual. Grants are usually a one-time, nonrenewable appropriation and are good for single-event purposes. The limitations of grants are similar to those of revenue sharing.

Investment Income

These are mostly used for funding the day-to-day operations of a jurisdiction. Many communities make investments in such things as mutual funds or property to generate revenue. While the practice itself is not very controversial, the skills and practices of those responsible for making the investments are sometimes subjects of debate. While certain investments can be made that are reasonably stable, this method of producing revenue requires some financial reserve to maintain the stability of the jurisdiction if the investments do not meet projected expectations, or if the investments are lost, for whatever reason (e.g., the City of San Jose or the Baldwin Company).

Contributions

Unlike grants, these revenues are usually of a minor dollar value and are not identified to support any specific programs. However, ambulances and other "big ticket" items have been contributed to several departments.

Fines and Penalties

These are mostly used for funding the day-to-day operations of a jurisdiction. The most obvious and reliable sources of these funds are those generated by law enforcement agencies. These funds are usually predictable; hence, they are used to support day-to-day operations. Furthermore, the motivation of the reliability of these funds is that the programs of the law enforcement department may be dependent upon revenues.

However, the ability to generate revenues by this method is not limited to law enforcement. Some fire departments collect funds from fines and penalties as do building departments, animal control departments, business licensing departments, and others. These fines usually are placed in a jurisdictional fund.

RETIRED CURRICULUM

Marketing Income

These are mostly used for funding the day-to-day operations of a jurisdiction. The day-to-day operations are usually funded when large or multi-year contracts are involved, as in the case of the Los Angeles County Fire Department and the municipalities protected by that agency. Other examples of "products" that might be marketed by a jurisdiction would include training programs or services, public fire safety education programs or services, computer time etc.

Evaluation of Revenue Sources

An evaluation of revenue sources also must include the following considerations.

The cost of a collection system. Any method for generating revenue will only be as good as the vehicle used to monitor and collect the revenue. What good is it to have a program that issues fines or penalties if there are no provisions for reinforcing the program, or if the collection process costs more, in time and money, than the expected revenues it would collect.

Amount of income expected. While legislators and jurisdictional finance personnel tend to be pessimistic about revenues, department administrators and most division managers are dangerously optimistic. This is particularly true when a department or division establishes a new revenue-producing program.

Legal aspects (state and local statues). Before a jurisdiction embarks upon any new, or modified revenue-producing program, the legal constraints must be understood. In California, Proposition 13 severely reduced the amount of money that was available through property taxes. However, the passage of Proposition 4 several years later, which put a limit on the amount of taxes a jurisdiction may collect, is beginning to adversely affect those jurisdictions that depend on sales tax revenue, almost as severely as did the passage of Proposition 13. For example, as inflation increases the cost of services, jurisdictions must find methods to fund those services without exceeding the ceiling established by Proposition 4, which did not take the inflation factor into consideration. If a department considers charging for the service it provides, then the department must be certain there are no legal restrictions prohibiting such charges.

Acceptability within the community. Some revenues are more acceptable to the community than others, such as: user fees, fire suppression recovery fees, fire zone assessment fees, or a fire department capital improvement bond. Generally, people are willing to pay for a service as they use, enjoy, or benefit from it, therefore, a search for tangible outputs is a way of reducing undue pressure.

Organizational Morale. The department's morale goes up when it is perceived that new or increased revenues might positively affect the personnel, and morale goes down when the reality of how the additional revenues will be distributed is

RETIRED CURRICULUM

appreciated. Revenue systems and fee schedules are best discussed during those times farthest away from the time labor relations negotiations are to take place.

Ethics. From a business perspective, this is an area that has received little attention from most fire department administrators in the past. However, it is an area that will demand more attention in the future as fire departments become more involved in more businesslike transactions. As fire departments begin to produce revenues, it will become necessary to address ethical considerations because fire departments will begin to compete with similar service providers. Also, establishing revenue-producing programs and fees will require research to minimize accusations of being arbitrary and capricious. Furthermore, when the fire department begins collecting fees that might have been provided for free in the past, the image of the fire department, both within the department and outside the department, will be affected. This is a fact that cannot be taken lightly and requires consideration when the fee program is being designed and implemented.

Stability of the revenue sources. The stability of revenue sources will be affected by many conditions, such as: seasonal fluctuations, the national economy, geographic disturbances, or industrial catastrophes. Also, the political environment must be recognized as a factor that may influence new or existing revenue sources. The best example of how politics might influence even the best ideas would be how politics has affected the Cooperative Home Inspection Program (CHIP).

This program calls on three parties involved in current home insurance programs--local governments, homeowners, insurance companies--to play a slightly different role in reducing losses and insurance rates. Homeowners are called upon to take a more careful look at how to mitigate hazards and reduce security lapses in their homes. They do this with the help of their local government, which provides them with a home safety and security analysis inspection The insurance companies are then called upon to provide homeowner's insurance at--it is hoped--lower rates. The program is assumed to lead to safer homes, lower fire and crime losses, lower public safety service demands, and ultimately, premium returns to the communities involved in the program.

Unfortunately, studies have revealed that the following condition is prevalent. The political climate is likely to be most favorable for programs that involve the least change from what is currently in existence. Most major affected groups regard municipal fire insurance with ambivalence or neutrality at best and hostility at worst, with the strongest negative reactions associated with the purest forms of the approach. Insurance industry representatives were most strongly opposed to municipal fire insurance, but their opposition was relatively mild if the program was voluntary and administered through a franchise. State officials were generally neutral, while public interest groups were mildly supportive and local officials showed the greatest interest. Even the supportive groups, however, expressed concern over or opposition to some

RETIRED CURRICULUM

of the features or possibly pitfalls of municipal fire insurance. There seems to be no group currently inclined to provide broad-based, energetic pressure in favor of municipal fire insurance, and in fact the thrust today is generally toward less rather than more government involvement in traditionally private sector activities.

Practicality of the revenue sources. A determination will have to be made about which services should have a fee and how much that fee should be. A formula to determine fees will also be beneficial; however, if this is not possible the very least that should be expected from the fire department is documentation on how the fees were established. A final consideration in this area is the issue of enforceability--more precisely, who will canvass the jurisdiction to ensure compliance and what vehicle is available to penalize those who choose not to comply?

Collection process. This particular issue is the demise of many viable potential revenue programs for fire departments simply because they are unfamiliar with being the initiator of a billing process. While most fire departments are familiar with collecting fees that are delivered to the fire station in person, other fire departments have little or no experience in sending out bills or tracing the billing process. It is not necessary to "re-invent the wheel," there are usually several departments within the jurisdiction that have some experience in this field, if the fire department will admit it does not know everything there is to know about everything, and ask for some help. Perhaps it would even be possible to send fire department bills out with the bills of other departments or agencies. This would certainly demonstrate to the recipient of the bills the cost consciousness of the jurisdiction. Be sure of one thing: that the fire department is given credit for the fees it generates. Many times when a co-collection process is used, only one agency is recognized as collecting resources. If the fire department is the "little brother" in the relationship, the fire department may also be the overlooked party. Also, research how big a "bite" another agency would have taken as your "collector."

Restrictions. It may not be too important to know exactly where the collected revenue is allocated in the jurisdiction's budget process, unless the department generating the revenues can designate specifically where some or all of collected funds will be allocated. Although this practice is rare, it is not unheard of, particularly when the funds being discussed are relatively small, inconsistent, or associated with popular programs, such as Learn Not To Burn.

Effects on fire department. Something that cannot be overlooked is the possibility that sooner or later the fire department programs responsible for generating revenues may be expected to become self-sufficient. While this may not appear to be too much of a concern today, it may become a concern in the future. For example, if a fire department begins to bill for emergency medical service, some people may expect the fees to be adjusted to recover the direct and indirect costs of the emergency medical service provided. Consequently, as costs rise, calls for service decrease, competition performs a

RETIRED CURRICULUM

similar service for less or a combination thereof occurs. The fire department may be requested to discontinue the service.

Objective Planning

Objective planning (not the planning of objectives), is necessary. The fire service cannot be all things to all people. Abraham Lincoln experienced a similar realization more than 125 years ago when he observed that you can fool some of the people all of the time; all of the people some of the time; but you can never fool all of the people, all of the time. Both the fire department administration and financial planner must be realistic about the department's capabilities.

Before a lot of time and money is invested in strategic planning, check assumptions about the department's mission, goals, and objectives by reviewing: the assumptions made about community trends, the evaluation of services, the assumptions made about revenue sources, and comparing findings with other organizations. It should be beneficial to review the community's master plan for growth and development, as appropriate.

RETIRED CURRICULUM

UNIT V: JUSTIFY THE BUDGET

OBJECTIVES

The participants will:

1. Justify proposed budget appropriations

2. Identify their own department's strengths and weaknesses with regard to budget justification.

RETIRED CURRICULUM

INTRODUCTION

This unit represents the least technical aspect of the financial management and budget process. This particular point of view can be argued according to how the budget process is carried out in different jurisdictions. The expectations and requirements of those who will make the final budget decisions may require very detailed and exact reports, or the decision makers might just want to know what programs will be carried out and how much money will be needed for each of the programs.

Strategies

The following list provides an overview of some of the types of strategies that might be used for justifying a budget.

1. Laissez-faire--absence of (governmental) control.

"I don't care, they're going to do what they want to do anyway" attitude, or;

"If I don't appear too concerned, they might not pay a lot of attention to detail either."

2. Sensationalism--blitzkrieg.

"If you can't impress them with your brilliance, dazzle them with your b.s." attitude, or, overwhelming the decision-makers with minutiae.

3. Kamikaze--emotional rather then factual.

4. Holy mission--presumptuous. "We are the fire department; we see, we want, we need."

5. Political power bases.

A. Direct--work <u>within</u> the existing political system and <u>with</u> the politicians. End-run--avoid political opposition by avoiding certain parts of the system, or certain people (not necessarily just politicians). Or, develop a power base outside of the current political power base that can either influence the current political power base, or be the lead blocker in the end-run (overpower the current political system and/or politicians). Grass-roots--similar to using the direct approach of working with the political power base, but usually reserved for those who came up through the system or the local boys. Calling favors--this can be tricky; don't cry wolf too often and don't waste favors on unimportant issues (ethical). Godfather approach--skeletons in the closet (ethics are questionable). Bartering--pork barrel system. "I'll scratch your back, if you scratch mine." Similar to calling favors except this usually occurs before budget decisions are finalized, whereas calling favors is a form of relying on past experiences or exchanges.

RETIRED CURRICULUM

The "best" strategy is the one that works for your situation. Whatever approach, or combination of approaches, is used the strategy should be; factual, objective, realistic, responsible and ethical.

Know Your System

Know the financial planning system and the budget process.

As a review, look over the following information on how to develop a financial plan.

1. Identifying what you are doing and why.

2. Identifying community patterns and trends.

3. Analyzing productivity.

4. Evaluating alternative services and delivery methods.

5. Evaluating revenue sources.

6. Setting direction of organization and making policy.

7. Developing long range plans.

Coordinate

When preparing your single year budget it will be important to coordinate the desired appropriations with the multi-year financial plan. Among other reasons, for paying attention to the long-range financial needs of your respective division or department, you will want to avoid the elimination of programs by unintentional financial starvation. In other words, don't reduce or eliminate funds needed to maintain a long-range program this year with the thought that the funds will be increased the following year to meet the long-range goals of the plan. More than likely, you will be requested to adjust (extend) the program's goals to meet the "new" financial situation.

Budget Review

Besides being very aware of the budgetary needs of your own division you should develop a good understanding of the mechanics of the budget review process. It is usually a good idea to know "who" is responsible for performing "what" reviews at all of the levels of the jurisdiction. For example, who is responsible for reviewing the proposed budget at the department level, the jurisdiction's administrative level and at the legislative level? The reason for this knowledge is so that a budget document can be developed that will fit the needs, desires and level of understanding of those reviewing the document.

Legislative Review

Experts in the field of budgeting generally agree that the quality of the legislator's decision-making process, as it relates to budgeting, depends on:

RETIRED CURRICULUM

1. The quality of executive (administrative) review and resulting recommendations; and,

2. The way in which these recommendations are submitted to the legislature.

Legislative review of the budget depends first and foremost on the way in which budget programs are presented; by the respective divisions and departments of the jurisdiction, and by the administrative staff of the jurisdiction. A budget which sets forth revenue and expenditure data that can be readily understood and analyzed strengthens the legislature's position. A budget presentation which is overdetailed and is not supported by clearly descriptive narratives produces legislative ineptitude, frustration, and resentment.

Budget Terminology

It is also beneficial to be familiar with the budget terminology and the schedule of events, or deadlines, associated with the jurisdiction's budget process. This additional bit of simple information can usually make any lobbying efforts more effective. Furthermore, it can be very beneficial to know as much as possible about the jurisdiction's entire budget, such as: how much money other departments are requesting, what new programs other departments might be proposing, or what old, but still useful, programs other departments have become bored with and are no longer planning to fund.

Compare Experience

Compare your experience and activities with other agencies.

Regardless of the style chosen for budget justification there are advantages to comparing local conditions to the conditions of similar services, jurisdictions, or organizations. However, some guidelines are necessary to maintain the credibility of the justifications. When comparing services or requests to other agencies the agencies being used for comparison should:

1. Be of similar size.

2. Be experiencing similar trends in growth or decline.

3. Have similar demographics.

4. Have similar social characteristics.

5. Have similar forms of government and laws.

6. Have similar means of producing revenue.

Naturally the above guidelines may or may not be needed for every comparison situation. Additionally, each of the guidelines will have to be tailored to suit the needs of your specific jurisdiction and budget process. For example, when using demographic information you must also be aware of service equity issues. Service areas must be clearly defined.

RETIRED CURRICULUM

Data about people and their environment must be defined, as must any data about performance levels and productivity. Methods for measuring performance levels and productivity must also be explained and any methods used for data reconciliation on dissimilar comparisons will have to be made clear too.

Equivalent Services

It is easier for the person making the comparisons to use agencies that are providing roughly equivalent services and not like services. For example, a comparison jurisdiction may have a fully paid fire department but is contracting for law enforcement, or visa versa. These comparisons can be made credible if the data is validated and the methods for validating the data are explained.

National Statistics

On a broader scale, the use of national statistics can be used also. National statistics can be used to compliment local conditions, to support comparison statistics or by themselves, however, there are both advantages and disadvantages to using such broad statistics. Some questions about the applicability of national statistics may arise, such as the age of the data (census data), or the applicability to local conditions. Again, these comparisons can be made credible if the data is validated and the methods for validating the data are explained.

Know Your Objectives

The following information has a direct relationship to some of the material already covered in this course. To know the objectives of your department and your division and, consequently, the impact those objectives have on your budget, you must be aware of the jurisdiction's mission and policies. You must be able to demonstrate that your programs will support; the department's mission, which, in turn, will support the jurisdiction's mission and policies.

You must know what programs in your division could be added or deleted yet will still support the department's and jurisdiction's respective missions. Besides knowing the effect of total addition or elimination of programs, as the person responsible drafting the budget for a division, you should also have a precise understanding of what each of the proposed programs is capable of doing at different funding levels.

While these may appear to be obvious parts of the budget justification process many budgetmakers give little or no thought of how their respective divisions will operate with non-funded or partially funded programs. There are many methods available, scientific and otherwise, to determine how programs will operate at various funding levels. Generally, the scientific models can be referred to as "what if..." models which provide numeric projections of the impact on proposed programs at various funding levels. The less scientific models generally take the form of written statements, such as problem definitions, goal statements, et

RETIRED CURRICULUM

cetera. Depending on many factors, you may use either the scientific or non-scientific method, or both. Regardless of what method is appropriate or available either one will help in analyzing alternatives.

The objectives of your division must be credible. The credibility of your programs is established by attaching program achievement to the resources requested. In other words, you must avoid the "Christmas list" approach for programs and then simply take what you get from that approach and make it work, or "robbing from Peter to pay Paul." If an honest budget is drafted and submitted, you simply cannot meet your stated objectives without the requested funds. If funds are reduced or eliminated then the objectives of the program must also be reduced or eliminated accordingly.

Credibility comes from a successful track record with the legislators and the community. Officials don't want to explain to the public why they approved a program that failed because you could not, or would not, admit that the fire department's ambitious goals could not possibly be accomplished without the funds requested.

Know Your Audience

The following material will present ideas about working with some of the least technical considerations in the entire financial planning and budget process--the audience of the budget presentation and the clientele (the community). The lack of a mechanical process makes this component of the financial planning process the most difficult to manipulate.

Staff

Despite our best efforts to present formal budget criteria (e.g. unit costs, investment returns, and weighting/scoring models) budget decision-makers and legislators more frequently employ pragmatic rather than formal criteria in determining the shape and direction of budgets. Given the idiosyncratic nature of pragmatic behavior, and given the variety of circumstances which face budget decision-makers and legislators, it is very difficult to classify and discuss the pragmatic criteria they use.

Some useful generalizations are possible, however. To make some sense of the budget decision-makers' and legislators' pragmatic responses, it is necessary to study their ad hoc decisions and look for regular patterns of response to recurring events and situations. Thus, in a general way, we can say that expenditure proposals have a better-than-average chance of getting respectful attention from the budget decision-makers, if those proposals represent:

1. Responses to disturbances, in the community or environment.

2. Perpetuation of current policies and programs; or

3. Steps to support, or complement, other expenditure patterns or decisions previously made.

RETIRED CURRICULUM

To be fair to those who must make administrative decisions about budget requests and to those who must attempt to make policy decisions about services, they have a horrendous task. They are asked to make fair and equitable decisions about a subject that can easily overwhelm them. They must review many (100's to 1000's) forms, cluttered with facts, figures and justifications. They are asked to wisely spend and control other peoples' money (taxpayers'). And, they must wrestle with an overabundance of competing values.

It is not reasonable to expect that the jurisdiction's entire administrative staff or legislation is going to be able to review every piece of information presented. If budget reviewers do not look at everything then, what do they look at? While actual practice varies, budget reviewers pursuing a strategy of selective evaluation tend to concentrate analytical attention on expenditures which are:

1. Discretionary, rather than mandatory.

2. Large, rather than small.

3. Increasing, rather than decreasing or stable.

4. Expenditure proposals which solve immediate, rather than remote problems.

5. Proposals which deal with familiar, concrete things, rather than strange and abstract ideas.

6. Arithmetical, procedural aspects of budget formulation, rather than underlying programmatic values.

With this knowledge, you should prepare to respond to the type of questions that a selective review of your requests might generate. Responsible questions might:

1. Question the relationship between expenditures and revenues to productivity, capital and/or labor costs.

2. Seek additional justification about the criteria used for specific programs.

3. Seek to define options by asking about alternatives.

4. Seek to identify "uncontrollable" costs.

5. Inquire about assuming future costs.

6. Seek a clarification of estimating techniques.

7. Seek cross-clarifications with other programs either internal, or external, to the department.

8. Probe into the relationship of the proposed program to the jurisdiction's mission and policies.

RETIRED CURRICULUM

Special Interest Groups

In addition to being aware of the jurisdiction's administration and the legislators of the jurisdiction as a budget preparer you should also consider the impact that special interest groups might have upon the budgetary process. While it is nice to know how your department or division is perceived by various organizations, and what they might be willing to do or provide for you, knowing who are members of a particular organization may prove to be even more beneficial. This knowledge could support or reinforce various justification strategies. Furthermore, some special interest groups might be able and willing to provide support, or opposition, to budget proposals.

In a democratic society, the law distinguishes between citizens who are officials and citizens who are not, setting rather strict rules for official conduct, while reserving a relatively wide sphere of speech and action to nonofficial citizens. Rules governing official conduct seem to be getting stricter, considering the spread of conflict of interest laws and the erosion of legal immunity of officials, while the scope of citizen action is enhanced by the passage of "freedom of information" acts and the judicial exploration of the meaning of equity in delivering governmental services.

The well informed and well connected budget preparer should capitalize upon any and every aspect of his or her audience to capture the resources necessary to carry out credible programs which will satisfy the missions' and goals' of his or her department and jurisdiction.

Power Centers

The task of getting to know your audience bears some responsibilities. Those responsibilities may be regarded as either burdens or pleasures depending on your personal perspective. Whether or not it is an advantage or disadvantage to socialize with the jurisdiction's administrative staff and legislators can successfully be argued from either point of view. What cannot be argued is that there are certain activities or organizations that you can become involved in that will assist the socialization process.

The activities that you might become involved in could be a variety of sorts ranging from sports to volunteer work. Furthermore, the activities may be of an organized nature or purely informal pursuits of common pleasures, such as dining or different forms of (socially acceptable) entertainment or hobbies. Whatever form of socialization occurs, in pure political terms, you are interacting within that persons power base.

Your interactions are occurring during an activity that that person enjoys, and usually in the company of people that that person likes to have or be around.

Much like a president's kitchen cabinet, an individual's close circle of friends has an influence on the values of a person -

RETIRED CURRICULUM

- and often give advice on "affairs of state." Not only are you getting to know more about the individual, if you are astute you will also learn about his/her influential friends and acquaintances.

Just keep in mind that any social interactions are a form of two-way communications. While you are learning about the decision-maker or politician that person is learning about you also. It should be assumed that whatever guards you put up around yourself will also be in effect by others as well, at least initially.

Sales Techniques

A good program for selling your budget should not be restricted to making an annual presentation to the legislative body. Budget justification is a year-round obligation, however, it is true that the budget needs to sold and emphasized to the legislators more actively during the time of year when appropriations are being decided upon. Usually, the most dramatic sales efforts are those that use graphic demonstrations or mediums. Some examples of those mediums would include: slides, video cassettes, television spots and press releases. Let's quickly look at the possible uses, advantages and disadvantages of each of these forms of communications.

Slides

This medium is good for many applications, such as legislative presentations, public presentations and internal department presentations.

Some of the advantages are; transportability, visual material that is easy to produce and material that can be arranged to meet a specific audience.

Some of the disadvantages are; support equipment is required, on scene equipment failure and, if not properly introduced or summarized, it is impersonal and not conducive to creating much interpersonal exchange.

Videotapes

The possible uses are similar to those associated with slide presentations.

Some of the advantages are; the medium can be edited and kept modern, it is multi-dimensional and tapes can be easily reproduced for multiple presentations.

Some of the disadvantages are; similar to those associated with slide presentations plus -- some people communicate better on film than others and the authority on a particular topic may not be one of those who communicates very well.

RETIRED CURRICULUM

Television

The best use is for public presentations to a potentially large audience or an audience that is not very mobile.

The primary advantage is that the spots are presented without having to arrange for an audience.

Some of the disadvantages are; the lack of available recording facilities, cost, and the potential of a very limited audience.

Press Releases

Besides the obvious use, another possibility might be as a means of creating a dialogue, with the public, through the press.

Some of the advantages are; control of the information distributed, inexpensive, little or no equipment is needed.

Some of the disadvantages are; too easily produced (this might cause less than desirable editing), limited exposure.

Besides the graphic forms of communications the person responsible for justifying the budget will need to make oral presentations. These presentations will usually be made to the legislative body and, therefore, the following material will be focused on that application.

Budget Message

The budget message is the culmination of the chief's budget job. Seasoned budgetmakers know the scene all too well. The date for submission is at hand. The last details are being settled in a series of hurried meetings. A tired and irritable budget staff is preoccupied with the mechanical aspect of producing the budget document. There is precious little energy left to draft the most important part of the budget document, the chief's personal justification for the proposed expenditure and revenue plan. Because of its importance, it must be carefully composed and accurately related to the myriad of details in the budget document -- a difficult task under the best working conditions. Budget messages which do not accurately reflect the content of the budget document are more common than is generally acknowledged, due to time constraints, inadequate information, misinformation and the understandable impulse of the message drafters to place the proposed budget in best possible light, facts aside.

A budget message should include:

1. An explanation of the budget in fiscal and programmatic terms.

2. A description of the important features of the budget.

3. The reasons for any major changes in financial policies, expenditures and revenues.

RETIRED CURRICULUM

4. A summary of outstanding indebtedness.

The composition of the chief's message should not be left to the last hours before the submission date. If the chief prepared a well thought-out budget policy statement at the beginning of the budget preparation phase, as is recommended, and the budget is developed accordingly, the message's leading ideas and many of the data arrays will be readily available.

Basing the budget message's text on the text of the earlier budget policy statement also has the effect of broadening the message's scope because budget policy statements tend to dwell on environmental factors conditioning the budget's development, rather than on details of the proposed budget (which, of course, are unknown when budget policy statements are prepared). In addition to this recommended stress on the budgetary implications of social and economic conditions, a proper budget message should include a statement concerning problems identified but NOT addressed in the proposed budget. Essentially, the part of a budget message dealing with unmet needs, unresolved organizational issues or deferred projects, etc., alerts legislature and citizenry to future problems and supplies them with a broader perspective for considering the present budget proposals.

Budget messages should be well organized, complete and polished (rehearsed) presentations. This applies whether the Chief is solely responsible for making the presentation, or when the presentation involves the personnel of the department who are responsible for the different programs.

Throughout the presentation credibility must be established and maintained. There can be no magic acts or surprises. If a particular program is eliminated, it must be made clear that the funds to carry out the eliminated program are not available somewhere else in the budget. An honest budget will not have these hidden resources.

The budget message should also emphasize results. Statements, such as "Improve the protection of life and property," are ambiguous and unmeasurable. Whenever possible the budget message should use numeric terms to show unit costs, number of units expended, personnel allocations, program costs, etc. For example, a fire chief might be tempted to identify "the reduction of fire loss" as the end product of suppression activity. However, that statement, although true, would not shed much light on suppression problems. Instead: "The fire suppression program is designed to reduce fire loss by responding to (x) number of calls, with (y) percent of these responses made within (z) minutes." This goal statement points the way for a discussion of manpower use, district size, communications, etc. In other words, the numerical goal statement helps relate expenditures to work load. In addition, setting goals numerically tends to ensure that chosen goals are practical and measurable. To be practical, a goal must be attainable in a specific time.

Bear in mind that some programs will have to be justified more than others. Generally, when people are willing to pay for a service as they use it, and the service charge covers costs,

RETIRED CURRICULUM

the need to calculate benefits and justify the program's necessity is lessened.

At all times, during the budget message presentation, remain aware of the audience. Recognize the appropriate atmosphere and the mood of the group being addressed and follow that lead. Furthermore, recognize when the jurisdiction's staff representative, or a legislator, is carrying the ball -- and let them fight your battle.

Finally, lead your audience to the desired conclusion and close your presentation. If it appears that a program is being considered for a partial cut know what the effects will be. Ask the reviewers which part of the program they would like to cut and have alternatives available. If a program appears to be lost try to at least leave the status of the program in a "...will require further study..." condition.

Above all, remain professional. Saying, "Women and children will die as a result of your decision" is a bit melodramatic. Perhaps most important, recognize when a particular program is SOLD -- and then shut up.

DEVELOP A MARKETING PLAN AND SCHEDULE

As it has been said many times throughout this unit, budget justification is a year-round activity and as such, the process needs to be organized, marketed and controlled by some sort of plan: a MARKETING PLAN.

The concept of marketing anything in the fire service is relatively new. Fortunatley, however, marketing has long been a necessity of profit-oriented endeavors. Therefore, the fire service has many examples to study and emulate. Unless, of course, as often times happens in the fire service, we decide to re-invent the wheel because we are "different."

Essentially there are four key elements in any marketing strategy: product quality, package appeal, promotion effectiveness and price; based on psychological factors, sociological factors and economic factors. Looking at each of these elements seperatley causes the following observations about the fire service.

Product Quality

The product quality of a fire department IS the fire department. The fire department must meet the needs of the community and must be effective and efficient. The fire department also must take aggressive steps to provide for future needs. In relation to the budget, the budget requests of the fire department reflects the product quality of the fire department. The proposed budget should be realistic, justified and fundable.

Package Appeal

A fire department's package appeal must express quality. Do the personnel, apparatus, equipment and facilities express an

RETIRED CURRICULUM

image of quality to the public? When considering the package appeal of a proposed budget you must key in on the personalities and style preferences of the budget decision-makers and legislators. For example, some officials want details, some don't. If your jurisdiction allows you, be innovative with your budget presentation.

Promotion Effectivness

The promotion effectiveness of a fire department can be directly related to public education and public realtions. A product is created to fill a demand or a demand creates a need. Keep the public aware of fire department services and the capabilities and limitations of those services. As promotion effectiveness applies to the budget process, there is a direct relationship to budget decision-maker's and legislature's knowledge about the fire department's; current operations, future operations and the fire department's strategic plan for future operations. It is imperative that those promoting the fire department have a good understanding of the department's mission, goals and objectives before he or she can educate others about the finacial needs of the fire department.

Price

The fourth element of a good marketing plan is usually the most difficult element to determine -- the price of the item or commodity being marketed. This task is even more difficult when attempting to identify a market price for a taxpayer-funded service. The PRICE of a fire department primarily is the public's perception of the cost effectiveness and productivity of the fire department.

When marketing the budget several price considerations must never be far from the budget planners minds'. First, the cost of a budget can wipe out the highest quality, best packaged and best promoted budget proposals. Second, the total price of the budget is a reflection of how well the budget was prepared. For example, does the budget:

1. Recognize the jurisdiction's mission?

2. Have realistic goals?

3. Have honest justifications?

4. Present reasonable costs?

5. Demonstrate sound financial planning for today's costs and tomorrow's needs?

Marketing Plan

As a final reminder, the budget process is a year-round activity. However, it is possible to develop a marketing plan that coincides with the jurisdition's budget process. For example, certain fire department activities could be scheduled to occur on, or about, the same time as mid-year budget review. Furthermore, a marketing plan might include regular

RETIRED CURRICULUM

announcements about the fire department, the services provided or emergency activities. Depending on the services available, these announcements could be distributed via several medias. But, remember, the announcements should be directly related to the jurisdictions' and departments' respective missions and goals, and demonstrate how the department's operations are satisfying those tasks.

The marketing plan also should address the technical aspects of preparing a budget. While some deadlines for budget preparation will be dicatated by the jurisdiction's administrative staff and legislative process, it might prove beneficial to develop some internal deadlines for such tasks as; divisional requests, written justifications, etc.

Finally, developing and implementing a marketing plan for the budget process is not a panacea. More accurately, a marketing plan is a tool. And, like a tool, when the marketing plan is used by a craftsman, it can assist in the development of an accurate analyses and judgement about the worth of your fire department.

RETIRED CURRICULUM

UNIT VI: BUDGET CONTROL

OBJECTIVES

The participants will:

1. Develop an effective expenditure and revenue control system for a typical fire department.

2. Identify, document and adjust expenditure-revenue changes during the budget year in a typical fire department.

RETIRED CURRICULUM

FINANCIAL AND MANAGEMENT AUDITS

The traditional purpose of an audit has been to examine an organization's accounting systems for internal control of budgeted monies. The objective is to determine if all transactions have been properly handled and recorded in compliance with legal restrictions and that the records accurately state the financial situation of the organization.

Usually audits are conducted periodically (as an example, once a year) as required by governing regulations of the political subdivision. These "required" audits are usually conducted by someone from outside the organization as a systematic examination to verify proper us and ethics in the management of the organization for the purpose of catching mistakes and to self-evaluate management practices.

The U.S. General Accounting Office emphasizes that a complete audit covers three areas:

Financial and Compliance

This determines whether financial operations are properly conducted, whether financial reports are presented fairly, and whether the agency has complied with the laws.

Efficiency

This determines whether the organization is using its resources in an efficient manner and should point out any deficiencies in the management system.

Program Results

This determines the impact on desired outcomes for the organization. Emphasis is placed upon legislative authority and whether all alternatives for accomplishing the selected objectives have been considered.

Definition

"An internal or external examination of the fiscal and management practices of an organization."

Auditing entails the examination of records and financial reports in order to evaluate:

1. Records of accuracy.

2. Propriety of handling funds.

3. Financial and management abilities.

Duty/Torts

The "Tort Laws" applicable in most states to varying degrees, requires that public officers and their employees have a "duty" to perform or comply with any applicable laws, rules, or regulations for which they may be responsible. This includes financial management responsibilities. If a public

RETIRED CURRICULUM

official fails to carry out a duty as prescribed by law, that official may be held liable and responsible to the party injured. Of course, the laws in the various states are different and therefore are enforced differently.

As an example, in Alaska, a recent court decision at the State's Superior Court ruled that fire personnel and officers cannot be sued for negligence with respect to failing to conduct fire safety inspections. However, this does not take into consideration whether the tort may have been "gross negligence" which then puts the decision under question. Also, while a fire inspector may not be held liable for negligence under the Superior Court's ruling, someone else may elect to pursue a suit to the Supreme Court where the decision may be overturned. While it is surely important to be well informed as to local laws and responsibilities, with respect to financial and budgeting matters, it is best to be accurate, ethical, and productive.

TORTS

Nonfeasance

Omission of an act that a person has a duty to perform.

Misfeasance

Improper performance of an act that a person has a duty to perform.

Malfeasance

Doing an act that a person cannot legally do.

Criminal Fraud

An intentional act or omission involving a breach of a legal or equitable duty resulting in damage to another.

DEVELOPING INTERNAL BUDGET CONTROLS

Budget Control

fiscal managers are often frustrated by the many checks that are placed upon the financial management progress. Almost every transaction requires some double-check or safeguard to assure accuracy and ethical use of funds. To a great extent, the emphasis on fiscal and operational accountability is the result of federal grants-in-aid. Increased accountability requirements have paralleled the increase in federal assistance programs.

While this increased need for accurate and ethical financial practices may be frustrating, it has also increased the demand for more qualified administrators to manage the process effectively.

RETIRED CURRICULUM

Budget Transfers

It is reasonable for policy makers to expect that allocated funds will be expended as approved. However, as time progresses, revisions in the budget plan may become necessary. There may be a change in priorities or a change in requirements. Cost of operations may escalate much more rapidly than planned. While on cost may go up, another may go down. New information, enhance technology, or new resources may become available. It is appropriate and important that policy makers are given the opportunity to make these mid-term adjustments. As soon as different conditions arise, they should be clearly articulated with appropriate recommendations and presented to the proper authority so adjustments can be made in as timely a fashion as possible. In all cases, proposed budget adjustments should be prepared and submitted in advance, so the decision-makers will have an opportunity to review the issue before passing judgment.

Budget Reporting

It is a shocking experience for an administrator to learn that 75% of the operational budget for the year has been expended and that only 50% of the year is over. Or, that fixed costs for a specific program exceed available revenue. Or, that tax revenues are 50% lower than anticipated, with little chance to recover except by massive layoffs.

It is essential that frequent review of the financial situation be conducted and meaningful reports be generated so that problem areas are identified or projected early so they can be remedied with the least trauma.

Generally, administrators require at least a monthly summary of the financial situation, with a comprehensive annual report of the total situation. In reality, the budget is virtually under constant review. The monthly reports require close review to check past accounting for accuracy and to provide timely awareness and history of potential fiscal impacts that may affect management decisions.

Cost Accounting

Also, as the federal government provides more and more assistance to the local government, there is increased emphasis on how the money is intended to be used and how effective it is in accomplishing that goal. As an example, funds may be allocated to a large state agency to help train handicapped people. The agency may have many programs directed toward assisting people but only one that meets the criteria for handicapped persons as specified by the federal government. To keep the funds straight, this would require that a special account be established within the larger agency to document and control the use of federal funds. In other words, all activities and financial transactions would be accounted to that special fund.

RETIRED CURRICULUM

The practice of accounting cost by special programs has become more popular because it gives the administrator an opportunity to identify effective or ineffective programs or, for that matter, effective or ineffective managers.

"Cost Accounting" has become an effective evaluation tool because it gives the administrator an opportunity to compare all sorts of variables for effectiveness. As an example, by keeping track of the operational costs for each fire station, it can provide information as to ineffective heating systems, excess use of materials or efficient operation of equipment. In another case, cost and effect for an educational program in one part of the city may be compared with a different program in another area. This gives good information for making future decisions. Cost accounting can be allocated in a variety of ways. By:

Organizational Divisions

1. Department

2. Battalion

3. Company

4. Fire Management Area

Product

1. Suppression

2. Public Education

3. Prevention

Program

1. Maintenance

2. Training

3. Administration

Impacts

1. Goals

2. Targets

3. Audiences

Advantages of Cost Accounting

1. Helps to ensure that funds are spent for their intended use.

2. Identifies relationships between line-item costs.

3. Simplifies cost accounting of expenditures.

RETIRED CURRICULUM

Disadvantages of Cost Accounting

1. Inhibits creativity in good managers.

2. Requires more detailed accounting practices.

3. Creates resentment in managers toward controllers.

Line-Item

Funds allocated to specific programs are usually not lump-sum. They are formatted in typical line-item budget documents for each account.

It is typical that the initial budget development effort starts at the lowest level of the organization. The person in charge of each account or program is asked to develop a line-item budget for each account. Then the individual line-item budgets are accumulated into an agency summary. When the budget is finally approved, the funds are allocated to the person in charge of each account for proper execution.

Line-Item budgets are usually divided into at least four categories:

1. Personal Services: This category usually includes all costs for personnel, including retirement, health plans, and other employer contributions.

2. Services and Supplies: This usually includes all costs relating to the physical resource requirements of the unit, such as rent, postage, electricity, supplies, repairs, and membership fees.

3. Capital Outlay: This usually includes rather costly physical facilities such as equipment, buildings, apparatus, or any item with a long-term use and in excess of a predetermined value.

4. Special Funds: This usually includes special funds such as grants or debt retirement costs.

Advantages of Line-Item Budgeting:

1. Helps to assure that funds are spent for their intended use.

2. Identifies relationships between line-item costs.

3. Simplifies cost accounting of expenditures.

ESTABLISHING A EXPENDITURE/REVENUE PLAN

The political environment varies from community to community. Past experience in budgeting practices will be a strong factor as to how liberal or restrictive policy makers will be with the fiscal manager. If past practice has been less than satisfactory, then expenditure limitations will likely be much more strict. On the other hand, if the past fiscal activities have been accurate, efficient and productive, then

RETIRED CURRICULUM

policymakers are likely to be more liberal. Regardless of the present political mood, it is a good idea to clarify the expenditure/revenue plan and have it approved by the proper authority. While this may place restrictions on the manger, it also clarifies, in writing, just how much flexibility exists.

Set Policy

With respect to the budget expenditure plan, policy statements generally relate to the authority given to various level managers to spend funds and make changes in the budget allocations. While these are usually expressed as "control" issues, it also identifies the flexibility and authority given to the various managers.

As an example, the chief of the department may spend up to $5,000 within specific program accounts so long as it does not require none than 10% deviation in the line-item allocations. Anything above this amount must have approval of the city manager or board of directors. On the other hand, a company officer may be authorized to spend up to $100 dollars strictly within line-item allocations without prior approval. In effect, expenditure policy clarifies the authority for making expenditures, the amounts that may be expended without prior approval, and what changes may be made between accounts, such as programs, functions, or line-items.

Identify Constraints

In addition to policy constraints, there are usually many more informal constraints that are imposed by a variety of special interests or influences that must be identified and articulated into policy statements. Labor unions or consumer groups may have special need or interest that they will be watching closely. Special notes should be articulated to help guide the budget process without political conflicts.

While legal and legislative constraints are virtually always clearly written, they may mot be readily available or clearly understood. All enabling legislation and relevant laws should be identified, interpreted, and entered into the operational procedures for all budget activities.

Allotment Plan

In most cases, anticipated revenue will not be available in a lump sum at the beginning of the fiscal year. Revenues may come sporadically or a little at a time throughout the year. The revenue plan should identify anticipated revenues so that managers can be aware of how much will be available at what time during the budget period. Usually "allotments" are projected on a quarterly basis.

In other cases, revenue may be available, but department programs may not be in place or in need of all available funds. Rather than allocate the money prematurely, the funds may be invested to increase revenue and allocated when program needs come about. The allotment plan should project at least

RETIRED CURRICULUM

a year in advance to show how much will be available for a given period.

Control Ledger

Just how actual funds and expenditures are to be recorded will depend on how sophisticated the agency's accounting system is. In a very small community the ledger may consist of one simple ledger, while in a larger organization the accounting process may be computerized and integrated with the total municipal budget process. In any case, it is important that the person who is responsible for the day-to-day expenditures have ready access to the full picture, both in detail and in overall perspective.

Revenue Plan

Most organizations have several or many sources of revenue. The business of forecasting just how much will be available is perhaps the most critical issue in establishing a budget plan. In most cases, as the economic situation changes, actual revenues collected will likely change. A change in the price of oil by OPEC may eventually affect economics in a community. Or, a change in government support of the timber industry in Canada may affect anticipated revenue in a small logging community. While accurate forecasting of revenue can be very difficult, careful consideration is essential. Perhaps the most critical factor is to recognize potential changes in adequate time to make appropriated adjustments without traumatic results.

COMPARING ACTUAL REVENUE AND EXPENDITURES WITH ESTIMATED AMOUNTS

Revenue Variances

As the budget year progresses, actual revenues may be more or less than expected. Of course, the most critical situation occurs when expenditures are more than projected. This is the worst situation in terms of management control. It may be necessary to make significant changes in programs and personnel. The sooner the shortfalls are recognized, the easier it will be to adjust.

Each budget report should include room for a cost and variance statement. This part of the budget report is the recording of financial data that reflects the program or activity manager's efforts to stay within the budget. Such a report should include the actual costs expended per month on th cost accounts specified, the budget allowance for such costs, the variance between anticipated and actual expenditures, the amount budgeted for the period, and the variance of the total year. This costs and variance statement is called a "performance-to-budget report," because it compares actual performance of the operating budget to projected budgetary requirements. It is essential that the performance-to-budget report be accurately maintained. Even though many fire department receive funding from public sources, it is essential that the manager of the program, activity, or department constantly remind him/herself the he/she is, in

RETIRED CURRICULUM

essence, a businessperson. A good businessperson always understands all of the costs that the business is faced with, and the actual recording of those costs is essential to enable them to make good management decisions. Accurate recording of all costs to an operation can also be an effective personal relations tool for those in the political decision-making process, as a complete an accurate record over a period of time is more likely to obtain budgetary approval than a department with sketchy and sloppy records.

Budget Reports

As the budget year progresses, changes occur in almost all areas of the process. The manager must be kept aware of changes in expenditure patterns, revenue expectations, program success, and impact on desirable outcomes. Budget reports, including all the listed dimensions, should be prepared on a frequent and regular basis. When the situation is rapidly changing, reports must be more frequent. When conditions become more stable, they may not need to be so frequent. Yet quarterly reports, as a minimum, seem prudent to catch unexpected events that may affect the expenditure strategy.

The Purpose of the Budget Report

1. Keeps policy makers aware of the current situation, in terms of expenditures and revenues.

2. Forces a periodic review, generally monthly, of the organization's financial situation.

3. Records the financial situation of the organization at periodic intervals.

4. Helps planning for future years, especially in calculating cash flow requirements.

Typical Disadvantages

1. It takes time and therefore is costly.

2. It is difficult to project the true picture without verbal explanation.

Items Usually Included

1. Expenditures to date.

2. Expenditure history, generally a few years back.

3. Projected expenditures.

4. Revenue history.

5. Revenue projections.

6. Percent of budget period expended.

7. Percent of budget expended.

RETIRED CURRICULUM

8. All necessary explanatory notes to clarify deviations or exceptions.

Negative Balance Options

1. Reduce cost through more efficient operations.

2. Reduce level of services.

3. Seek additional revenue such as transfers from other departments or increased tax remedies.

A negative variance usually results in automatic reduced expenditures to make up the difference.

On the other hand, when revenues exceed anticipated levels, this too can cause problems for managers. In one case, the manager of the water department felt it would be necessary to raise water rates to meet anticipated needs. The next year weather conditions were extremely hot which caused everybody to use more water. This increased revenue and created a significant windfall. This was viewed by the people of the community as an effort on the part of the manager to the budget. Even though rates were adjusted the next year, the manager was terminated.

Positive Balance Options.

1. Increase level of services, though this is usually not permitted without policy maker approval.

2. Allow for end-of-year carryover.

A positive balance usually does not result in increased expenditures without formal approval.

MANAGE BUDGET ADJUSTMENTS

Budget adjustments include not only the variance between actual costs and the amount budgeted, but actual changes in the cost of operation due to inflation, wage increases, employee benefits, and cost of capital equipment. This change in cost conditions will require a budget revision. If costs decrease when a supplier is found who charges less, or when total wages decrease, a downward revision in the budget will be required. If costs increase, an upward revision in the budget is required. Modification of an approved budget can occur due to cuts in overall spending by the governmental body, transfers of funds from a lesser prioritized activity to one with a higher priority, and supplemental appropriations, which are additional payments to fund a particular activity.

Cuts in Spending

Overall cuts in spending by a certain percentage can be devastating to a fire department budget. The fire service manager must realize that an overall reduction in spending by the same percentage for each activity or program within the fire service will probably not be the most efficient use of that department`s resources. an overall reduction may

RETIRED CURRICULUM

eliminate the effectiveness of almost all of the activities of the department. Cutting an activity with low priority may be preferable to severely reducing the total effectiveness of the department and its ability to achieve its objectives and goals.

Transfer of Funds

Transfer of funds from one governmental activity to another, or from one program to another within the department itself, is the result of a management decision by one in the higher levels of the decision-making process. Such a transfer is the result of a decision that funds are more needed elsewhere at that particular time and reflects a prioritization of certain activities over others. Those that are faced with losing funds due to a transfer must somehow try to reduce costs by using capital equipment and personnel hours more efficiently, or limiting the program in away so that the activity is utilized to the utmost for that particular time.

Supplemental Appropriations

Supplemental appropriations are made as the result of an extra budgetary allowance due to a change in the conditions facing the fire department. Such allowances may be the result of an extraordinary circumstance in a small amount of time (such as a large outbreak of brush fires) or the requirement of a large amount of overtime necessary for a very short period of time. Extra budgetary allowances are thus made when the budget must be changed on a one-time basis due to extraordinary circumstances. Supplemental appropriations are also made when the budget forecaster fails to recognize a large cost increase that occurs in the operating year.

Such an extra budgetary allowance, however, should be noted on the performance-to-budget report and the reasons for the allowance noted. Again, the budget manager must be able to effectively analyze requests for extra budgetary allowances to determine whether they are the result of some unanticipated contingency or mismanagement of the funds already allocated for that particular period of operation. Each allowance must therefore be evaluated in its own factual setting. A budget manager should also specify by whom and when budgetary allowances can be made in order to ensure that the proper management makes financial decisions. This decision-making authority should be decided beforehand, and the procedures for requesting and granting supplemental budgetary revisions placed in writing and distributed to all operation managers.

PROVIDING AN AUDIT TRAIL

On a day-to-day basis it is often cumbersome and time consuming to document all transactions and to cross reference where necessary to assure that auditors will have a good record to check for accuracy. However, as memories fail and people change roles, the day-to-day notations become very important. All transactions should be recorded and cross referenced to provide adequate information, even after extended periods of time.

RETIRED CURRICULUM

The following items may be used to cross reference:

1. Receipts

2. Contracts

3. Vendors' records.

4. Terms of the transaction.

5. Authorization of the transaction.

6. Specifications for the product and delivery.

7. Purchase orders.

DEVELOP PURCHASING PROGRAM

An organized purchasing program is essential to sound fiscal management. The purchase of capital equipment is a decision that can effect efficient operation of a fire department over a number of years. The purchasing department must therefore be sensitive to department needs and performance criteria. Performance criteria should be specific and included on the purchase document.

The purchasing department can also take advantage of all vendor discounts and volume discounts. Common items can be easily requisitioned in large amounts, and cost allocation can be made according to each program's percentage of use (prorated). Common items should be allocated on a periodic basis; however, control should be maintained so that use of a particular item in each program can be determined. This requires good inventory control.

It is essential that program mangers and budget managers know local purchasing regulations and legal purchasing systems. Knowledge of state and local laws concerning purchasing practices is also necessary.

Most municipal fire departments require competitive bidding for most major purchases. Major purchases should require detailed specification of performance criteria and should be made by the fire chief or the appropriate administrative personnel. Such requests are then approved by the finance officer, and requests for bid proposals are distributed to potential vendors. Once bids are received, the fire chief should follow up with the person responsible for equipment procurement and maintenance to determine if the bid proposals adequately meet technical specifications.

Basic Purchasing Functions

1. To be familiar with the sources or supply.

2. To understand pricing, business practices, and market conditions.

3. To know the statutes and ordinances with respect to bidding.

RETIRED CURRICULUM

4. To establish a system to ensure discounts are taken, that quality is tested, that ordered items are properly received and stored, and that deliveries are prompt.

5. To deal effectively with sales personnel and contractors as well as with other municipal service departments.

6. To have authority to obtain bids based upon the precise specifications that the agent has helped formulated.

Individual Unit Replacement

It is necessary to take into account all factors to determine if items should be replaced all at once or as they wear out.

1. Length of life of the item.

2. Standards of service performance.

3. Capital investment.

Example: Should light bulbs be replaced as they burn out or replace them all at their expected efficient performance life.

Total Cost Purchasing

Useful in analyzing bids for larger capital purchases, includes all costs in total cost:

1. Purchase price.

2. Maintenance costs.

3. Replacement costs.

Cooperative Purchasing Programs

Smaller cities or departments may join with other organizations in a cooperative purchasing program to reduce costs. Questions to be considered are:

1. Will the level of service be comparable to the present level?

2. Will there be adequate control of acceptable specifications for the product or service?

3. Can a common basis for sharing purchasing arrangements be justified?

Sharing Contracts

Sharing arrangements should be formalized in clearly written contracts, including:

1. Timetables.

2. Conditions of performance.

3. Personnel requirements.

RETIRED CURRICULUM

4. Cost allocations.

5. Length of agreements.

6. Right to terminate.

EVALUATION

Gather Information

Budgets should help to initiate improvement in a fire department, and a budget evaluation is a process that examines whether or not this is the case. Budget evaluation looks at how the department utilizes the performance reports to achieve the desired results from the funds expended. A performance report compares actual expenditures and revenues to the budget amounts for a particular activity, and is a starting point for budget evaluation. However, the real starting point in budget evaluation is each department's review of its specific goals and objectives. By reanalyzing these, a more thorough budget analysis is possible. A manager must first analyze whether these goals and objectives were met in a satisfactory manner. In order to do this, a manager must first collect all available and pertinent information concerning budget performance. . This comes form the performance-to-budget report. Information can also be obtained from the periodic meetings between budget personnel and department heads.

These performance-to-budget reports would be distributed to all those who participate in the budget evaluation. This includes top-level management, department heads, and budget personnel. These reports provide information on departments that experience cost variances which are either negative or positive. Both are important in evaluating an operational budget since budget adjustments should be from them.

It is also important to be able to quantitatively analyze how productive a certain budgetary allowance was. Budget planners and decision-makers in the budget process will find it very helpful to submit data indicating increased productivity in the annual budget estimates. This data will provide information for management and program audits. The management audit analyzes whether the organization is effectively utilizing its resources in an economical and efficient manner and the cause of any inefficiencies in the organizational structure, procedures used by the administration, and the management information system. A program audit is a review of a particular program or activity and whether that particular program's objectives are being met, whether the expected results of the program are being achieved, and whether the program can undergo improvements that can achieve the desired result.

Benefit/Cost Analysis

Understanding these economic concepts will provide material for arguments to justify or prioritize fire service activities to budget and policy decision-makers. Actual empirical measurement of the social benefits and costs may be difficult; however, these arguments are tangible and should be made when

RETIRED CURRICULUM

funding for the fire service is in competition with other public service agencies.

Federal, state, and local governments spend enormous sums of money each year on public service activities. Policymakers are the decision-makers responsible for determining how this large amount of money is spent. However, the issue facing policymakers is whether their decision in deciding where to allocate this money among competing social activities is in the interest to the public. Benefit cost analysis is comparable to a business in the private sector analyzing its profitability. In benefit-cost analysis, policymakers can decide whether the social benefits of engaging in a public activity outweigh the social costs. Social benefits and costs include not only the accounting concept of benefits and costs, but also the social benefits and costs. Social benefits can include such things as a decrease in injuries and deaths, increased employment, increased productivity of buildings due to a reduction in fire loss, and a decrease in risk of dying in a fire. Social costs include not only the accounting costs such as the purchase price of a fire truck, but the social costs of purchasing the truck, such as what was given up in public service activities in order to be able to pay for the fire truck (such as five police cars).

The first thing necessary to conduct a benefit-cost analysis of funding a particular activity is identifying all effects of the activity. When fire protection is the selected activity, the direct impact is, hopefully, increased protection against life and property loss; however, an indirect benefit will be the decrease in the price of premiums for fire insurance to all taxpayers. It is obvious that an exact figure for the actual value in dollars or lives saved is not really quantifiable; however, the benefit in terms of social benefit is very real. department heads attempting to justify additional expenditures for fire protection can use the argument that the decrease in the risk of lives lost and injuries from fire is worth the additional expenditure, and that it may be more advantageous for society to invest in that activity than for it to hire additional policemen who may prevent an average of 10 robberies per year at $500 per robbery.

It is also important to realize that the social benefits of an activity can accrue over time. For example, the construction cost of a new fire department building will occur in the immediate future; however, the maintenance costs and the benefits of increased fire safety will be accrued over time.

Thus, the future benefits that extend from the present investment in additional fire safety should also be argued to decision-makers in your request for additional budget appropriations.

Once the costs and benefits are determined, the department should evaluate whether the benefits of undergoing the activity outweigh the costs. It is apparent that a society can invest too much money in fire protection; for example, a city with a population of 50,000 will not build 50,000 fire stations. A society can also invest too little in fire

RETIRED CURRICULUM

protection, as a population of 50,000 will probably not be protected sufficiently with one fire station, one fire truck, and one ambulance. The question is whether the benefits of purchasing additional fire safety ion the form of capital equipment, increased manpower, or increased technology outweigh the social costs of purchasing the same. This purchase must also be weighed against whether $50,000 in additional budget appropriations will best be spent on $50,000 in additional fire protection, police protection, or maintenance of municipal highways.

RETIRED CURRICULUM

WESTVILLE EXERCISE

FIRE MANAGEMENT 2B

RETIRED CURRICULUM

FACTS ABOUT WESTVILLE

Pertinent Facts

Westville was incorporated in 1867. Since then it has experienced steady growth. The present population is 150,000. The city covers an area of approximately 38 square miles, and it is a typical, medium-sized city with diversified industry, a busy commercial center, a university, three hospitals, and a waterfront used for both commercial and recreational purposes.

It is a transportation center of considerable importance to Falls county and the regional area. It is served by two railroads, a commercial airport, and a shipping port on a navigable waterway. Interstate highways cross near the center of the city.

Westville is multi-racial and has several ethnic neighborhoods. Westville is primarily composed of middle-class, single-family dwelling units. There are, however, large areas of substandard housing. At the outlying parts of the city, there are sections of expensive, upper-income housing. In addition, to single-family dwelling units, there are sections of the city composed of apartment buildings, some of which are high-rise buildings ranging up to twenty floors in height.

The central business district is somewhat congested. It features a modern shopping mall in the center of the district. Building heights in the central business district reach six to seven stories. One office building is twenty-two stories high. Several shopping centers are located in the outer perimeter of the city.

Industrial tracts are not generally congested. There are three privately owned industrial complexes, each consisting of from four to seven buildings. Only a few of the more important industrial risks have automatic sprinkler protection. There are several lumber and material storage yards, and three bulk petroleum storage facilities, all located along the river.

Urban Development in Westville

1. The City of Westville is expanding to the northeast. Middle-income residents now located in the south section of the city are moving outside of the city to the north and east. Low-income housing is expanding in the south section immediately below Sand Island.

2. Water supply comes from an impounding reservoir located three miles northwest of the city. The capacity of the reservoir is 35,000,000 gallons. The water supply is considered very reliable and ranges from 1,000 gpm to 5,000 gpm in most of the heavily developed areas of the city.

RETIRED CURRICULUM

3. Bridges cross the Blue River as noted on the transportation map. Railroad tracks cross under highways as noted on the same map. There are no tunnels.

4. The elevation in the East Hill area is 300 feet above the business district. Land also rises gently on the west side of the city where the river forks.

5. A series of suspicious fires has been occurring in the vicinity of grid B-6. There does not appear to be any widespread arson in the city.

6. The closest town to Westville is Peachville. This community has a part-paid department and operates two triple combination engines, a 2,000 gallon tanker, a light rescue vehicle, and an ambulance.

7. Newton is the next nearest community to the west with a current population of 5,700 and operates a fire department with three engine companies and a rebuilt 20-year-old, 65 foot aerial ladder. This department is all volunteer at the present time.

8. The current fire chief for Westville is just about to retire.

9. A significant problem is the fact that fire department records are almost nonexistent.

10. The City of Westville has adopted a 1974 edition model building code, but enforcement is almost nonexistent.

11. Access to Commercial Island is by boat and a foot bridge at the side of the railroad overpass.

12. The transportation map only shows the existing major streets and railroad tracks. Currently, the city has not developed a projected road map for the future.

13. Most alarms are received by the Police Department which answers the 911 Telephone System, installed in 1981. These calls are transferred to the fire alarm office. A 1930-installed Gamewell Box alarm system is still used in the main business district.

14. The residences are:

Single-family dwellings	29%
Duplexes and town houses	34%
Row houses	23%
Garden apartments	6%
High rise apartments	8%

RETIRED CURRICULUM

5. Requests for emergency medical service in Westville have risen dramatically in the past five years to a current position constituting 65% of all alarm activity.

16. The average response time for the first-arriving fire department unit in Westville is 3.4 minutes. The average response time for an ambulance is 7 minutes.

****

Table 1: General Statistics

Fire loss per capita for all fires	$12.73
Total fire loss for the base year	$2,110,200.00
Number of building fires per 1,000 population	4.70
Total assessed property value	$2,475,000,000.00
Insured property value	$983,000,000.01
Fire department budget (base year)	$7,037,718.00
Base year insurance premium costs	$2,495,119.00

****

Table 2: Number of Buildings by Classification

Mercantile	286
Industrial	24
Institutional and Governmental	181
Substandard Residential	11,300
Multiple Residential	2,700
Middle-Class Residential	13,600
Upper-Class Residential	1,980

****

Table 3: Economic Information

Current assessed valuation rises 3.1 percent per year.

Salaries for fire service personnel go up at the rate of 8 percent in the base year plus 1.

General administrative and operational costs for the fire department go up at the rate of 7.5 percent in the base year plus 1.

****

RETIRED CURRICULUM

****

Table 4: Target Hazards

		Fire Flow		Risk	
		Init.	Sust.	Life	Community
1.	Apartment Complex	1344	5500	Low	V.H.
2.	Stemple Tower	460	1500	High	Med.
3.	Fort Hillis Hotel	726	4500	V.H.	High
4.	Academy Motel	290	2500	Med.	Med.
5.	Riverside Home	285	2500	V.H.	Med.
6.	Airport	300	4500	Med.	V.H.
7.	Hospital	350	2000	High	High
8.	Furniture Factory	600	5500	Low	Med.
9.	Hospital	275	1500	Med.	High
10.	Apartment Complex	280	3000	Med.	Low
11.	Shopping Complex	325	4000	Med.	Med.
12.	Apartment Complex	300	3500	V.H.	Low
13.	Petroleum Industry	750	6000	Low	High
14.	Paper Storage	700	5500	Low	Low
15.	Warehouse	550	6000	Low	Low
16.	Apartment Complex	225	3000	Med.	Low
17.	Shopping Center	350	3500	Med.	Med.
18.	Shopping Center	550	4000	Low	Med.
19.	Warehouse	450	4000	Low	Med.
20.	Hotel	300	1500	Med.	Low

****

Table 5: Fire Incident Data

General Event Aggregations for the Base Year

Number of fire incidents	3,790
Number of emergency medical incidents	7,038
Total number of alarms	10,828

Event Forecast for the Base Year + 10 Years

Total number of fire incidents	12,476

RETIRED CURRICULUM

Cumulative Frequency Data Analysis for the Base Year

Incident Type	Totals
Building fire	1,786
Other fire	456
False alarm	566
Overpressure rupture	14
Hazardous condition	582
Good intent	56
Service call	204
Other	116

Emergency Medical Care	
Cardiac	2,252
Respiratory problems	1,520
Acute illness	844
Trauma	2,018
Other	404

Data on the Five Most Severe Fires		
Warehouse	$800,000	Case #1
High school	1,225,000	Case #2
College dormitory	180,000	Case #3
Row houses	350,000	Case #4
Estate	210,000	Case #5

****

RETIRED CURRICULUM

A CURRENT ASSESSMENT OF WESTVILLE'S FIRE PROTECTION ADMINISTRATION

Overview

The administrative head of the fire department is a fire chief who reports directly to the city manager. There are four assistant fire chiefs. Three of these chief officers rotate command of the fire suppression forces, and one chief officer is responsible for staff operations.

Related Information

The Insurance Services Office (ISO) Survey Report for Westville was conducted 10 years prior to the base year. Much of the following related information was obtained from the ISO **Grading Report.** It should be remembered that due to a poor records management system for the Westville Fire Department, it is difficult to verify some of these facts as being current conditions.

1. Fire Alarm

The telegraph fire alarm system has failed to keep pace with the growth of the city. Large areas of the residential districts and outlying mercantile and industrial sites are without municipal fire alarm box service. The fire alarm equipment is old and unreliable.

2. Fire Prevention

The fire prevention activities of the Westville fire Department are under the direction of a captain who has been appointed as the fire prevention officer. He reports directly to the assistant chief of staff operations. Assisting in the fire prevention office are two lieutenants who function as fire prevention inspectors and one civilian stenographer who types correspondence and reports and maintains the fire prevention files.

The fire prevention office has the responsibility for investigation of complaints involving fire prevention practices and the building code, fires of suspicious nature, and all fires where the chief officer is unable to determine a cause. One of the fire prevention officers inspects public assemblies and institutional buildings on a quarterly schedule. National Fire Prevention Week activities consist of demonstrating the fire apparatus and giving a fire prevention talk at each elementary school.

Under the present fire department organization, it is not possible to inspect the thousands of individual properties that are not classed as public assembly or institutional. It should also be noted that no reinspections are made to determine the degree of compliance to fire prevention recommendations.

RETIRED CURRICULUM

There is no dwelling inspection program. The fire department is not consulted for approval of plans for new construction or alterations. Fire company personnel are not directly involved in the fire prevention program. The relationship with the city building department is poor at best. Westville does not have a fire prevention code, although there are several sections of the city municipal code which pertain to fire prevention laws. The city has adopted, by reference, the comprehensive National Building Code, as noted previously, which does contain provisions for life safety.

3. Fire Department Operations

The Westville Fire Department operates out of 12 fire stations. The 12 engine companies, four ladder companies, and one rescue squad are each assigned four personnel per shift, but several of the companies routinely operate with a crew of three due to absences. An assistant chief is on duty during each shift.

There are four ambulances assigned to the stations with ladder companies, and they respond with one firefighter from the engine company and one from the ladder company. On serious medical calls, an engine company or the rescue squad may be dispatched to assist the ambulance crew.

The normal response to structure fires is two engine companies, one ladder company, and the assistant chief. The rescue squad responds in the downtown area and to all target hazards, and a third engine company is added when the rescue company is not available.

Six of the engine companies operate 1,250 gpm or 1,500 gpm diesel pumpers less than 6 years old. The older pumpers (including three reserves) are gasoline powered, 1,000 gpm units ranging in age from 10 to 23 years. The newest ladder is a 100-foot tower-quint which was delivered six months ago. The other three ladders are 85 or 100 feet in length, ranging from 7 to 20 years of service. The newer pumpers have two preconnected 1-1/2" attack lines and 500 gallon tanks. The older pumpers have 250 gallon tanks and one preconnected line. All engine companies carry 2,000 feet of 2-1/2" hose in a split bed.

The initial attack and sustained attack gpm capabilities for the Westville Fire Department have been evaluated in each fire management zone. These figures are indicated on a map overlay.

Annual Operations Cost (Personnel, Equipment, and Maintenance)

Engine Company:	$350,000
Rescue Company:	368,000
Ladder Company:	368,000

Construction Cost for New Fire Stations

Two Bay:	$450,000
Three Bay:	600,000
Four Bay:	750,000

RETIRED CURRICULUM

Westville Fire Equipment

Station #1:	Engine 1 (1,500 gpm)	(Cost: $130,000)
	Ladder 1 (100' tower/quint)	(Cost: $325,000)
	Rescue 1	(Cost: $128,000)
	Ambulance 1	(Cost: $ 37,000)
Station #2:	Engine 2 (1,250 gpm)	
Station #3:	Engine 3 (1,000 gpm)	
Station #4:	Engine 4 (1,500 gpm)	
	Ladder 4 (100' aerial)	(Cost: $245,000)
	Ambulance	
Station #5:	Engine 5 (1,000 gpm)	
Station #6:	Engine 6 (1,000 gpm)	
	Ladder 6 (85' aerial)	
	Ambulance 6	
Station #7:	Engine 7 (1,500 gpm)	
Station #8:	Engine 8 (1,500 gpm)	
	Ladder 8 (100' aerial)	
	Ambulance 8	
Station #9:	Engine 9 (1,000 gpm)	
	Crash/Rescue 9 (foam/dry chemical)	
Station #10:	Engine 10 (1,000 gpm)	
Station #11:	Engine 11 (1,000 gpm)	
Station #12:	Engine 12 (1,000 gpm)	
	Boat 12 (18')	
	Mini-pumper (250 gpm)	(Cost: $55,000)

****

Cost Analysis for the Westville Fire Department - Operations

Personnel Costs for the Base Year:

a. Fire Chief: Salary $37,000 + 31% fringe benefits = $49,125.

b. Assistant Fire Chief: Salary $28,000 + 31% fringe benefits = $36,680.

c. Line and Staff Captains: Salary $25,000 + 31% fringe benefits = $32,750.

RETIRED CURRICULUM

d. Line and Staff Lieutenants: Salary $22,500 + 31% fringe benefits = $29,475.

e. Company Non-Officer Personnel: Average base salary is $19,800 per position + 31% fringe benefits = $25,938.

f. Staff Support Personnel: Average base salary is $16,000 for each person + 22% fringe benefits = $19,520.

g. There is no additional pay for engineer (driver) or ambulance services.

RETIRED CURRICULUM

Fire Chief

Personal Background: 55 years old, married four children (two living at home, two married and living in Westville). Enjoys hunting and fishing and family camping trips. The chief's best friend is the assistant chief over the department's administrative division. The fire chief is an extrovert and loves parties. As an athlete who lettered in three sports while in high school, the fire chief has always been well known locally. The chief has been known to get physically violent when confronted with high-stress situations.

Professional Background: The chief does not have a college degree, but has taken over 100 hours of college courses and has almost 30 years with the Westville Fire Department. The chief worked through the ranks to the top in 22 years, and primarily served in the emergency service side of the job during that time. Although a member of several national fire organizations, the chief has never actively participated in them.

Political Background: In civic matters, "liberal" is really not an accurate description of the chief. People in city government who have been around a while say "reckless" would be more accurate. The chief has stepped on the union president's toes several times, but is very popular with the media due to his colorful personality. One of the chief's sons is a local policeman and the other son works as a salesman at the mayor's dealership.

Role: Must act as C.O.E. of Fire Department — Direct staff toward harmony, promote participative management and open communication. Must interact with other department heads as a participative manager. Must be extremely sensitive to mayor, City Council, and city manager's desires. Must be aware of community needs and desires.

RETIRED CURRICULUM

Assistant Chief/Communications

Personal Background: 45 years old, married, no children. This is the communications chief's third marriage. Enjoys sailing and traveling and is very active in civic affairs. Has regular communication with the transportation director who shares many of the same concerns for city development. The communication chiefs is good friends with the fire marshal.

Professional Background: The communications chief acquired a bachelor of management degree from Diploma Mill University in 1984. Promoted through the ranks, the communications chief has a wider range of experience than any of the assistant chiefs and knows the Westville Fire Department inside and out. The communications chief has 19 years with the department.

Political Background: As a moderate liberal in civic matters, the communications chief is well liked and respected in state and local political circles, but is viewed as slick and cut-throat by most of the other assistant chiefs and the fire chief. The communications chief always gets a job done well, but is sometimes unethical in his approach. The communications chief's brother is an important member of the Chamber of Commerce and owns the largest construction company in Westville. The communications chief secretly aspires to be the next fire chief of Westville.

Role: Must actively represent needs relating to area of responsibility with intra-department processes. Must be sensitive to the desires of the fire chief. Must interact with peers in an open, participative manner. Must be aware of the city management and community desires.

RETIRED CURRICULUM

Assistant Chief/Fire Marshal

Personal Background: 52 years old, married, four children (three married and living in Westville, one attending college in the east). Enjoys music and camping. As an introvert, the fire marshal does not socialize with government officials and only seldom attends gatherings organized by the department. The fire marshal is very active in the city's largest church group.

Professional Background: The fire marshal does not have a college degree, but has taken some management seminars offered by Westville University. As fire marshal for the last ten years and as a member of several national fire prevention organizations, he has attained some national recognition.

Political Background: As a moderate conservative in civic matters, the fire marshal is not a socializer, but does act as chairperson of several "action-oriented" committees at church. The fire marshal is considered to be thorough in completing tasks and achieving goals. The fire marshal enjoys good lines of communication with the union president and is good friends with the assistant chief of communications. The fire chief feels the fire marshal has no personality, but is competent at his job. The fire marshal and the building safety manager have no personal grudges, but seldom agree on professional issues.

Role: Must actively represent needs relating to area of responsibility within intra-department processes. Must be sensitive to the desires of the fire chief. Must interact with peers in a open, participative manner. Must be aware of the city management and community desires.

RETIRED CURRICULUM

Assistant Chief/Maintenance

Personal Background: 65 years old, married, six children, all married and living outside Westville, except for one son who is a captain on the Westville Fire Department. Enjoys traveling and visiting with grandchildren. As a dominant, driver-type personality, the maintenance chief has little patience with people who have no self discipline. As a member of the Lions Club and a lifelong citizen of Westville, the maintenance chief is well known, liked and respected in the community.

Professional Background: The maintenance chief does not have a college degree, but through 35 years of experience on the department, with ten years as head of the maintenance division, the chief is very competent. The maintenance chief's outspoken style has caused some strife with other departments and past City Councils, which had a detrimental effect on possible professional advancement.

Political Background: As a moderate conservative in civic matters, the maintenance chief is known to be outspoken and very opinionated. The media enjoys interviewing the maintenance chief for colorful, yet clear and concise, answers. The maintenance chief is the most popular personality of the fire department. The maintenance chief was considered for the fire chief's job in competition with the current chief. The fire chief and the maintenance chief have mutual respect and admiration for each other. The maintenance chief will not be talked down to by any of the other assistant chiefs. The administrative chief openly states that the maintenance chief is "over the hill."

Role: Must actively represent needs relating to area of responsibility within intra-department processes. Must be sensitive to the desires of the fire chief. Must interact with peers in an open, participative manner. Must be aware of the city management and community desires.

RETIRED CURRICULUM

Citizens at Large

The general public is slightly frustrated with city government in general. The level of city service in most areas is considered slightly inadequate and in need of well thought out change. Citizens at large tend to like the mayor and think he does the best he can under the circumstances. Most citizens know little about the fire department, but tend to feel it is adequate. They generally feel their sanitation, water and electrical service are inadequate and a change is needed in the public works department.

Role: Must interact freely with all other Westville characters to actively represent constituent needs and concerns as you perceive them to be in Westville.

RETIRED CURRICULUM

Women's Club President

Personal Background: 40 years old, married, parent of two children (one Westville High School student and one Westville University student, both living at home). Enjoys skiing and flying. The club president is a self-made success and deplores the idea that conspiracy and subversion exist in city government. The club president requires perfection in personal and professional life. The club president aspires to be on the City Council.

Professional Background: The club president has a master's degree in history and a bachelor's degree in political science; currently serving as the principal of Westville High School. As a member of the Board of Education, the club president is considered capable of achieving any goal that there is a desire to achieve.

Political Background: Moderately liberal in civic matters, the Women's Club president is not taken seriously by the city manager. Through fund raisers and political benefits, the club president has become good friends with the president of the Firefighters' Union. The club president has a good image with citizens at large. The media often interviews the club president on civic issues for an opinion the citizens can relate to.

Role: Must interact freely with all other Westville characters to actively represent constituent needs and concerns as you perceive them to be in Westville.

RETIRED CURRICULUM

Chamber of Commerce President

Personal Background: 58 years old, married, six children (four married, living out of state, two living at home attending graduate school at the Westville University). Enjoys swimming and reading. The chamber president is very active in civic clubs and organizes several annual benefit activities. The mayor is one of the chamber president's best friends and their families vacation together each year. The chamber president has had some drinking problems over the years, and once ended up in the city jail.

Professional Background: The chamber president is an attorney and president of the Westville National Bank. The chamber president's father, who was regional director of the railroad, was reputed to have criminal connections. The chamber president has held the office for ten years.

Political Background: Very conservative in civic matters. The chamber president is very popular in civic circles and is known as the person to see if you want action in city government. The chamber president doesn't trust the police chief, but usually supports the fire chief, especially on citizen safety issues. The media doesn't trust the chamber president, but can't pin anything down.

Role: Must interact freely with all other Westville characters to actively represent constituent needs and concerns as you perceive them to be in Westville.

RETIRED CURRICULUM

Media

Television: One local television station. Has limited ability to broadcast live, but usually reports news in a timely fashion. The station is generally conservative in civic matters and usually is critical of city departments. The general manager/owner presents nightly editorials after the newscast. The general manager is considered above reproach and is respected as an accurate reporter.

Newspaper: One local newspaper which prints a morning and afternoon edition. The newspaper is rather liberal in civic matters and often challenges the city to be more progressive and innovative. The owner/publisher is refreshed by the enthusiasm of the Firefighters' Union president, and is acquainted in a positive way with the assistant fire chief of the maintenance division through membership in the local Lions' Club.

Role: Must actively communicate, through any means available, the opinions and concerns of Westville. Should publish the "Westville Wire" newspaper at least twice during the course.

RETIRED CURRICULUM

Mayor of Westville

Personal Background: 60 years old, married, parent of five children, all of whom are away at school or married. Has lived in Westville since childhood, went to school locally, and has always been popular. The mayor's spouse is equally popular and is close friends with the transportation director. The mayor is a close personal friend of the president of the Chamber of Commerce, who also comes from big money.

Professional Background: The mayor has a master's degree in public administration from the University of Westville, and knows the needs of the city as well as anybody. The mayor owns and operates the largest car dealership in the city, the dealership was previously owned by the mayor's late father.

Political Background: Very conservative in civic matters, likes to study things thoroughly before making a decision. This is the mayor's second term as mayor, and he was previously a member of the City Council. During the last mayoral election, it was rumored that the mayor had sold new cars to members of the Chamber of Commerce for one dollar as a token of appreciation for their support.

Role: Attempt, as much as possible, to guide council members in constructive politics. Must be extremely sensitive to public opinion, citizen groups and media.

RETIRED CURRICULUM

City Manager

Personal Background: 46 years old, single, never married, no children. The manager moved to Westville six years ago, and was appointed to the position by the current mayor after the election four years ago. The manager is an introvert and doesn't like to be in a crowd. Scuba diving and reading are relaxing. The manager is a very attractive person and has occasional encounters with the opposite sex, but both the manager and partners are very discreet.

Professional Background: The manager has a master's degree in public administration and another in economics. Previously the city manager of two midwest cities, the manager is highly respected in the field as an accountant and planner.

Political Background: Moderately conservative in civic matters and usually skeptical of anything new that will rock the boat too much. The mayor and City Council are pleased with the good job being done in city management. The city manager is very authoritarian in management style and often has showdowns with department heads. Due to the manager's abrasive style, friendship with others in city government is nonexistent and several civic leaders, including the president of the Women's Club, have complained of the manager's lack of diplomacy. The manager's loyalty is with the mayor.

Role: Must act as C.E.O. of city — Direct department heads toward harmony, promote participative management and open communication. Must be sensitive to mayor and City Council concerns.

RETIRED CURRICULUM

Police Chief

Personal Background: 45 years old, male, married, two children (both in college, living at home). Enjoys coin collecting and woodworking as hobbies. The police chief served in the military for six years as a Green Beret and prides himself on his physical conditioning. His wife is very active in the Women's Club and is chairperson of the city's United Way Fund Drive. The police chief is on the board of directors of the Westville Boys' Club. It is important to the police chief to be well liked in the community.

Professional Background: The police chief has a bachelor's degree in criminal justice from Westville University. He was decorated in the military for his skill in counter intelligence and espionage. He was selected as police chief three years ago by the current city manager after fifteen years with the force. The previous police chief retired under pressure.

Political Background: Considered a moderate in civic matters. He is considered a very thorough manager by other department heads. He has a good relationship with City Council members and the city manager after providing police monitors for each, and assigning a member of his staff to pick them up upon their request and transport them to the Police Command Center so they may monitor extended police incidents in progress. The mayor is suspicious of the police chief and feels he is too "political."

Role: Must interact with fire chief, other department heads, city manager, and elected officials in a supportive, participative management approach. Must actively represent department concerns and needs.

RETIRED CURRICULUM

Public Works Manager

Personal Background: 55 years old, married, four children (three are married and living in Westville, one attends college in the east). Enjoys family outings and church activities. The public works manager and spouse are introverts and generally do not socialize, but enjoy the company of the fire chief and spouse when they do. The public works manager and fire chief's association goes way back. They attended high school together and their children grew up together.

Professional Background: The public works manager received a bachelor's degree in industrial management from Westville University after 21 years of night school. Following six years of military service, the public works manager returned home and secured a job with Westville Public Works.

Political Background: Very conservative in civic matters, the public works manager is considered "satisfactory" as a department manager. Acquainted with all department heads and City Council members, the public works manager is considered the most likable of all the department heads.

Role: Must interact with fire chief, other department heads, city manager, and elected officials in a supportive, participative management approach. Must actively represent department concerns and needs.

RETIRED CURRICULUM

Building Safety Manager

Personal Background: 65 years old and is a widower with no children. Enjoys golf at least once and week, and likes to travel. The building safety manager is very personable and enjoys conversation on any subject. A well-read individual, the building safety manager enjoys the respect of peers as being the wisest manager in the city. The building safety manager's best friend is a state senator.

Professional Background: The building safety manager has a master's degree in civil engineering from MIT and has served in various capacities on national building safety committees. The building safety manager is vice-chairperson of the State Citizens Subcommittee on Home Safety. Five years ago, a structural collapse in a high rise building caused an investigation of the building safety department. The building safety manager emerged from the ordeal unscathed.

Political Background: Ultra-conservative in civic matters, the building safety manager is considered by other department managers as a wise old owl who is coasting on political contacts. To an extent, this is true. The building safety manager has pulled the mayor out of few jams and is good friends with a council member. The city manager is generally not impressed, but the building safety manager's new desire to bring big developers to Westville is something the city manager has been trying to find a way to do for years.

Role: Must interact with fire chief, other department heads, city manager, and elected officials in a supportive, participative management approach. Must actively represent department concerns and needs.

RETIRED CURRICULUM

Transportation Director

Personal Background: 43 years old, married, no children. Enjoys reading, chess, and snow skiing. The transportation director is very outgoing, functions best in a crowd and loves pressure situations. Many consider the director a real politician. In just a few short years with the city, the transportation director has made several contacts in city and state government. After meeting the assistant fire chief of communications at a fund raiser, a trusting friendship developed. They regularly enjoy discussing city issues over lunch.

Professional Background: The transportation director has a bachelor's degree in civil engineering and gained fifteen years of transportation experience as the director in a small western city. Appointed just two years ago, the transportation director was selected by the current city manager and recommended to the City Council as the person for the job.

Political Background: As a moderate-liberal in civic matters, the director is considered a bit of a rebel. The transportation director's mother and father are controlling partners of the most popular and influential law firm in Westville. The transportation director and building safety manager are bitter enemies. Many times, the only reason they will disagree on an issue is to attempt to discredit each other.

Role: Must interact with fire chief, other department heads, city manager, and elected officials in a supportive, participative management approach. Must actively represent department concerns and needs.

RETIRED CURRICULUM

Union President

Personal Background: 38 years old, married, three children. Enjoys motorcycle riding and sky diving. The union president is currently a firefighter with fifteen years on the job, very well known and trusted among firefighters. Elected as union president five years ago, the president was considered what the union needed to establish itself as an important force to be reckoned with in civic matters.

Professional Background: The union president has a bachelor's degree in education. Prior to becoming a firefighter, the union president was a math teacher at Westville High School. Responsible for the first regional Brothers of the Firefighter fund-raising Dinner, the union president has begun to be recognized by union brothers as the force that could unite them. 90% of Westville Firefighters belong to the union.

Political Background: As a moderate liberal in civic matters, the union president established a PAC fund two years ago and has begun to be politically active on both the state and local levels. The union president and the fire chief are not friends, but a past friendship with the fire marshal allows for some fire department/union communication to take place. The union president has a very good relationship with the Women's Club and extends monthly safety presentations at their meetings.

Role: Must interact freely with all other Westville characters to actively represent constituent needs and concerns as you perceive them to be in Westville.

RETIRED CURRICULUM

CITY OF WESTVILLE

UNITED STATES OF AMERICA

Minutes of Council Budget Hearing 85-1

The Honorable Mayor called the hearing to order at the scheduled time. The Pledge of Allegiance was led by the Police Chief.

Appropriate invocation was offered to all by the Building Safety Director.

Roll was called by the Honorable Mayor. All council members, the city manager, and department heads were present as follows:

Council Member _____

Council Member _____

Council Member _____

City Manager _____

Police Chief _____

Transportation Director _____

Building/Safety Director _____

Fire Chief _____

The Honorable Mayor extended a welcome to distinguished guests, who were present as follows:

_____ of the Firefighters' Union

_____ of the Chamber of Commerce

_____ of the Women's Club

_____ of the News Media

Minutes of the previous council meeting were read and unanimously approved.

New Business

The Honorable Mayor presented the following:

RETIRED CURRICULUM

Background

Mr. West, the city's namesake, passed away several months ago. As a result of legal proceedings to carry out provisions of his will, the city of Westville has been awarded the sum of $100,000 to expend in the "best" interests of the citizens of Westville. All department heads were requested to develop a budget proposal for council consideration in an effort to carry out the will of the late Mr. West.

Department presentations proceeded and are summarized as follows:

Transportation Department

Proposal: The Transportation Department proposes to construct and maintain waiting stations for bus stops to provide lighting for safety and protection of citizens from winter cold.

Benefits of Funding: Benefits of funding this proposal include a reduction in rapes and muggings of citizens waiting at bus stops, and to provide an incentive for increased use of the currently under-used transit system.

Consequences of Not Funding: Consequences of not funding this proposal include the continuance of the crime problem at city bus stops and lack of use of the current transit system.

Public Works Department

Proposal: The Public Works Department proposes to conduct an inventory of all power poles in the city and initiate a repair and replacement program.

Benefits of Funding: Benefits of funding this proposal include the reduction of power outages due to poorly maintained power poles and the reduction of the safety hazards this problem poses to the public.

Consequences of Not Funding: The consequences of not funding this proposal include the continuance of power outages at the current frequency and the unsafe conditions resulting.

Police Department

Proposal: The Police Department proposes to provide federal, state and local law enforcement activities to regulate and permit the transportation of blasting agents in the City of Westville.

Benefits of Funding: Benefits of funding this proposal include the reduction of illegal transportation of blasting agents and will assist in the identification of users and the reduction of accidents, and provide information for investigations of illegal activity involving blasting agents. This program, if approved, will be implemented with a 100 percent cost recovery to be in effect the second year.

RETIRED CURRICULUM

Consequences of Not Funding: Consequences of not funding this proposal include the continuance of unregulated transportation of blasting agents and the continued inability of the Police Department to provide investigative follow-up on illegal activity involving blasting agents.

Building Safety Department

Proposal: The Building Safety Department proposes to conduct a complete analysis and review of the Building Safety Code and other referenced codes and ordinances to bring the Westville Building Safety Code into step with the rest of the nation.

Benefits of Funding: A major benefit of funding this proposal is that with a more current Building Safety Code, major developers would be attracted to build in Westville. The current Building Safety Code requires very costly construction features that are proven unnecessary and not feasible with modern construction techniques. Additionally, major development projects bring many more jobs to Westville as well as strengthening the tax base.

Consequences of Not Funding: Consequences of not funding this proposal include the continued use of the current Building Safety Code which makes building major developments in Westville cost-prohibitive. The effective result in not funding this proposal is no change in current Building Safety Department practices.

Due to the late hour, the Honorable Mayor encouraged a motion of hearing continuance. It was moved and seconded that the hearing be adjourned and continued during the regular budget session scheduled next week.

The Honorable Mayor imparted closing visions for the splendorous future of Westville. The Honorable Mayor adjourned Council Budget Hearing 85-1 at the scheduled time.

RETIRED CURRICULUM

CITY OF WESTVILLE

UNITED STATES OF AMERICA

AGENDA

Continuance of Council Budget Hearing 85-1

Activity	Actor
Hearing called to order	Honorable Mayor
Pledge of Allegiance	Appointed by Mayor
Invocation	Appointed by Mayor
Roll Call for Council Members and Department Heads	Honorable Mayor
Welcome Guests	Honorable Mayor
Reading of Minutes from Previous Meeting	City Manager
Current Business - Presentations Continued	Fire Chief (20 minutes)
Discussion	Any Concerned Party
Council Caucus	Mayor, Council, City Manager
Render Council Decision	Honorable Mayor
Closing Thoughts	Honorable Mayor
Adjournment	Honorable Mayor

RETIRED CURRICULUM

STUDENT ACTIVITIES

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 2.1

WESTVILLE: PROBLEMS

1. In your small group, read and discuss the Westville information; i.e., maps, overlays, written data.

2. Brainstorm a list of problems for Westville. The list does not need to be all inclusive.

3. Select one group member to report, and another to record, the group's work on a flip chart.

4. You have sixty minutes.

5. Each group will have five minutes to report.

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 2.2

WESTVILLE: IDENTIFYING SYSTEM PERFORMANCE

Using the Westville scenario, complete the following:

Step 1: Write a "Mission Statement" for the Westville Fire Protection System, taking into consideration their present programs and situation. Try to define the purpose of the system in a simple statement without restricting performance levels, cost of operation, or other measurable factors.

Step 2: List all the system components that might be relevant to the Westville situation. This should point out all the organizational resources influencing the Fire Protection System in Westville.

Step 3: Define the "Desirable Outcomes" for the system in general terms. These are generally not measurable. However, they relate and impact upon the Mission of the system. These are usually referred to as the "System Goals."

Step 4: Define the "Degree of Accomplishment" (Performance Objectives) for the System Goals. These are the actual measurements of life risk or loss, property risk or loss, community consequence, and/or cost of operations that have been decided upon by the community. Just how specific you will be depends upon how many factors you wish to measure.

When you have completed your work, transfer the results onto a transparency or flip chart so information can be presented to the rest of the class. Try to involve as many members of your group as practical in the presentation.

RETIRED CURRICULUM

WESTVILLE: IDENTIFYING SYSTEM PERFORMANCE

Write a "Mission Statement" for the fire protection system in Westville:

_____

_____

_____

_____

_____

RETIRED CURRICULUM

WESTVILLE: IDENTIFYING SYSTEM PERFORMANCE

List as many major components of the fire protection system for Westville that you might easily identify (including the fire department). List the primary roles of each component identified.

SYSTEM COMPONENT	PRIMARY ROLE

RETIRED CURRICULUM

WESTVILLE: IDENTIFYING SYSTEM PERFORMANCE

Write desirable outcomes (goal statements) for Westville's fire protection system. The goal statements should relate to life, property, community, or costs. They should be general statements, perhaps philosophical in nature and not measurable:

Life:

_____

_____

_____

Property:

_____

_____

_____

Community:

_____

_____

_____

Cost:

While cost is a major system concern, it is often rather difficult to specify as a system goal. Usually it is expressed as a reasonable cost. Later, it may be limited by a performance objective.

_____

_____

_____

RETIRED CURRICULUM

WESTVILLE: IDENTIFYING SYSTEM PERFORMANCE

Your instructor will have assigned your group one of the system goal categories (life, property, community, cost). Develop a set of performance objectives to clearly spell out the degree to which the goals in your category will be accomplished. As an example, if Life Goals is your assigned category, then you should list performance objectives to clearly define how many lives will be lost in the situation addressed by the goals:

Assigned Goals:

Performance Objectives:

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 2.3

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Using the material presented in this unit, complete the following assignments referencing the Westville Fire Department. When developing the Program Goal Statements and Performance Objectives, write them as you think they should be, not how they are now performing.

Step 1: Identify all programs that should be in place in the Westville Fire Department to accomplish the Mission of the city's fire protection system. Write a Goal Statement for each. The Goal Statement should describe what the program will do.

Step 2: Write a Program Narrative for the program you were assigned by the instructor.

Step 3: Develop and list all the "Process" Performance Objectives setting forth the level of service to be provided.

Step 4: Develop and list all the expected "Impact" Performance Objectives expected as a result of the program. Do not complete the current effort column at this time.

Step 5: List and rank in order of importance all the needed changes in the Westville Fire Department. These statements should include the clarification of time, quality, and quantity.

This work should clearly set forth what will be done in the department to make it more effective in meeting the System Performance Goals.

When you have completed the exercise as a group to the extent practical, be prepared to make a presentation to the rest of the group.

RETIRED CURRICULUM

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Organizational Goal Statements

City of Westville

Program: _____

Goal Statement: _____

_____

_____

Program: _____

Goal Statement: _____

_____

_____

Program: _____

Goal Statement: _____

_____

_____

Program: _____

Goal Statement: _____

_____

_____

Program: _____

Goal Statement: _____

_____

_____

RETIRED CURRICULUM

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Program Narrative

Program: _____ Date: _____

Program Goal: _____

_____

Total Number of Personnel: _____ Personnel Cost: $ _____

Total Program Cost: $ _____

****

Give a brief explanation as to how the program will be organized and integrated into the total fire department operations, how it will function, and what it is intended to accomplish.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

RETIRED CURRICULUM

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Program Performance Objectives--Process

Program: _____ Date: _____

Program Goal: _____

_____

_____

NO.	PROCESS PERFORMANCE OBJECTIVES	CURRENT EFFORT

RETIRED CURRICULUM

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Program Performance Objectives--Impact

Program: _____ Date: _____

Program Goal: _____

NO.	IMPACT PERFORMANCE OBJECTIVES	CURRENT EFFORT

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 2.3

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Step 5: Westville Fire Department

Enabling Objectives

NO.	OBJECTIVES	PRIORITY	EFFORT

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 3.1

WESTVILLE: ALTERNATIVE SERVICES

1. In your Westville group, brainstorm a list of alternative services that your division might realistically prove.

2. Select an alternative service.

3. Develop a program goal statement and narrative description.

4. Write process and impact performance objectives and enabling objectives.

5. You have 30 minutes for group work and five minutes to report.

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 3.2

WESTVILLE: RANKING OBJECTIVES AND DEVELOPING WORK IMPACT MEASURES

Complete the following:

1. Identify what would appear to be the two most productive Enabling Objectives from the list you developed for the Westville Fire Department.

2. Step 1, conduct a cost/benefit analysis using the forms provided. However, for the exercise, transpose the format to a flip chart so all participants can see. Use the brainstorming method.

3. Decide the order of rank for the two objectives.

4. Step 2, develop a set of process and impact measurements for the program that your group has been using.

RETIRED CURRICULUM

WESTVILLE: ALTERNATIVE SERVICES

Program Narrative

Program: _____ Date: _____

Program Goal: _____

_____

Total Number of Personnel: _____ Personnel Cost: $ _____

Total Program Cost: $ _____

****

Give a brief explanation as to how the program will be organized and integrated into the total fire department operations, how it will function, and what it is intended to accomplish.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

RETIRED CURRICULUM

WESTVILLE: ALTERNATIVE SERVICES

Program Performance Objectives-- Process

Program: _____ Date: _____

Program Goal: _____

NO.	PROCESS PERFORMANCE OBJECTIVES	CURRENT EFFORT

RETIRED CURRICULUM

WESTVILLE: ALTERNATIVE SERVICES

Program Performance Objectives--Impact

Program: _____ Date: _____

Program Goal: _____

NO.	IMPACT PERFORMANCE OBJECTIVES	CURRENT EFFORT

RETIRED CURRICULUM

WESTVILLE: ORGANIZING THE FIRE DEPARTMENT

Westville Fire Department

Enabling Objectives

NO.	OBJECTIVES	PRIORITY	EFFORT

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 4.1

WESTVILLE: DEVELOPING A TASK ANALYSIS AND LINE-ITEM PROGRAM BUDGET

On the following pages are two forms that should be completed for the exercise. Select the most important "Enabling Objective;" that is, a change in Westville you would like to make, and complete a task analysis using the form provided. Complete the following steps:

1. Select the most important "Enabling Objective" from your list.
2. Using the form provided, complete a task analysis for that objective.
3. Using the form provided, complete a hypothetical line-item budget which will provide the resources for completion of that objective. As an alternative, you may choose to develop a line-item budget for the major program previously assigned to your group by the instructor.
4. You have 60 minutes to work and five minutes for your group's report.

When you have completed the two forms provided for this exercise, select a spokesperson(s) to be prepared to present your work to the rest of the participants.

RETIRED CURRICULUM

RETIRED CURRICULUM

ACTION PLAN

OBJECTIVE _____

PREPARATION DATE _____
APPROVAL DATE _____
APPROVED BY _____
PREPARED BY _____

PROGRAM _____
REF GOAL NO. _____

S=START F=FINISH
M=MILESTONE

#	TASK	RESPONSIBILITY	HOURS	COSTS
	Committee Meetings			
	Evaluation Milestones			
		TOTALS		

SMALL GROUP ACTIVITY 4.2

BUDGET PRIORITIES

Each group will demonstrate an understanding of internal budget priorities through the preparation of flipcharts and oral presentations.

Role Profile Sheets
Handouts

Divide the class into new groups as indicated below. All students must have a defined role in this activity. Distribute role profile sheets and give directions as necessary to help create a competitive atmosphere between groups and set the stage for political maneuvering.

Flipcharts

Group 1 should prepare budget priorities as a group and prepare flipcharts for oral presentation. Groups 2 and 3 should meet in a location remote from Group 1. The instructor should discuss individual roles as they relate to the budget process in Westville. An atmosphere of competition should be set and all traditional tactics of jurisdictional budget competition should be encouraged.

A second instructor should meet with Group 4 in a remote location and instill in them a sense of responsibility to their constituency and the need for "critical consideration of budget proposals in these times of reduced revenues." Allow 60 minutes for group work.

Reassemble the class and have Group 1 extend an oral presentation of the fire department's budget priorities and explain how the priorities were set. Allow 20 minutes for oral presentations.

Group 1 - Fire Chief, all Assistant Chiefs and Divisional Staff, and all Shift Representatives.

Group 2 - Police Chief, Public Works Manager, Building Safety Manager, Transportation Director, and their related staff.

Group 3 - Union President, Chamber of Commerce President, Media Representative, Women's Group, Citizens at Large.

Group 4 - Mayor, Council Members, City Manager.

RETIRED CURRICULUM

STUDENT ACTIVITY 4-2

PROGRAM BUDGET

PROGRAM: _____ PREPARED BY: _____ DATE: _____

PERIOD: _____ TO: _____

NO.	ITEMS	LAST YEAR	THIS YEAR	REQUESTED	APPROVED
	PERSONNEL SERVICES				
001					
002					
003					
	SERVICES AND SUPPLIES				
004					
005					
006					
007					
008					
009					
010					
011					
012					
	CAPITAL OUTLAY				
013					
014					
015					
016					
	SPECIAL FUNDS				
017					
018					
	TOTALS				

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.1

KNOW YOUR AUDIENCE

Prepare a presentation to the special interest group in your assigned scenario description.

You will have 30 minutes to work as a group.

You will have five minutes for your presentation.

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.1

KNOW YOUR AUDIENCE SCENARIO DESCRIPTIONS

Group 1: Fire Operations Staff

During the public hearings being held on the city's proposed budget, the media accurately reported that the fire department is proposing a "Fire Suppression Cost Recovery" program. The program is aimed at making property owners financially liable for all but "unavoidable" fires. The local apartment owners' association, who owns 21% of the rental property in town and which, incidentally, was where 59 percent of the fires occurred last year, has requested a fire department representative at their next meeting to explain the "newest form of double taxation."

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.1

KNOW YOUR AUDIENCE SCENARIO DESCRIPTIONS

Group 2: Fire Prevention Staff

During public hearings being held on the city's proposed budget, the media accurately reported that the fire department is going to begin charging for building plan reviews and inspections.

The local building developers group, which is quite active in developing the twelve square miles the city just annexed, has requested a fire department representative at their next meeting to explain the "double billing" being proposed. After all, don't our fees paid to the City Building Department satisfy your @#*@#*@#* greedy people!"

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.1

KNOW YOUR AUDIENCE SCENARIO DESCRIPTIONS

Group 3: Emergency Medical Staff

During the public hearings held on the city's proposed budget, the media accurately reported that the fire department is proposing an "Emergency Medical Service Cost Recovery" program.

The local senior citizens' group, who represents 15 percent of the registered voters in town and 54 percent of the emergency medical service calls for assistance, has requested a fire department representative at their next meeting to explain the "fees that are not covered by my Medic-Aid."

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.1

KNOW YOUR AUDIENCE SCENARIO DESCRIPTIONS

Group 4: Executive

During the public hearing held on the city's proposed budget, the media accurately reported that the fire department is proposing to initiate a "Fire Inspection Cost Recovery" program.

The local Chamber of Commerce has requested a fire department representative to attend their next prayer breakfast to explain the "undesired fees for the undesired services."

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 5.2

WESTVILLE COUNCIL BUDGET HEARING

Participants will demonstrate an understanding of effective budget presentations through oral presentation and the use of audio visual materials.

The class should be divided into the following groups:

Group 1 - Fire Chief, Assistant Chiefs, Staff, and Shift Representatives.

Group 2 - Police Chief, Public Works Manager, Building Safety Manager, Transportation Director, and their Related Staffs.

Group 3 - Union President, Chamber of Commerce President, Media Representatives, Women's Group, Citizens at Large.

Group 4 - Mayor, Council, City Manager.

Group 1 (Fire Department) should prepare for a presentation of their budget proposal. Group 3 (Special Interests Group) should assemble in the citizen's gallery position. Group 4 (Mayor's Group) should assemble in the front, seated in a panel arrangement. Group 2 (other Department Heads) should be seated to the left and right of Group 4 to act as advisors to the Council (see attached layout). The meeting should be conducted as outlined in the agenda.

COUNCIL QUESTIONS

Brief the Council and distribute the list of questions. Remind the Council that they do not need to be afraid to give money to other departments based on lobbying. Inform the Mayor of the "New Business" to be announced.

RETIRED CURRICULUM

SMALL GROUP ACTIVITY 6.1

WESTVILLE ROLE PLAY: BUDGET ADJUSTMENTS

In your fire department group, brainstorm a strategy to present to the chief.

The strategy should include facts explaining the impact of a 10% cut in order to respond to the chief's request.

You may also decide whether to defend your program, negotiate with other groups, sacrifice your program, etc.

You will have 30 minutes to work. At the end of that time, a staff meeting will be held by the chief.

RETIRED CURRICULUM

DEPARTMENT EVALUATION

RETIRED CURRICULUM

DEPARTMENT EVALUATION

1. What type of budgeting does your department use? (Circle the most appropriate)

   A. Planning programming budgeting

   B. Line item budgeting

   C. MBO budgeting

   D. Other (specify below)

   E. Not sure

2. Describe or draw the structure of your local government and how the fire department fits in.

3. Who in your department has the authority and/or responsibility for the budget?

RETIRED CURRICULUM

4. What do you feel is a major weakness in your department's budget process (other than the lack of funds)?

5. What do you feel is the best feature of your department's budget process?

6. Does your department have a written mission statement?

If YES, write it below:

If NO, write what it should be below:

RETIRED CURRICULUM

7. How is your fire department organized? What are the major program areas? Do they relate to the goals of the fire department?

_____

_____

_____

_____

_____

_____

8. Do you have written performance objectives?

If YES, list those most relevant to your job:

_____

_____

_____

_____

_____

If NO, what should the performance objectives be? List five that would be most relevant to your job.

_____

_____

_____

_____

_____

9. Do you write enabling objectives for the programs that you hope to accomplish?

☐ Yes ☐ No

RETIRED CURRICULUM

Explain why or why not: _____

_____

_____

_____

_____

10. What are some community trends/patterns to be considered in your department's long-range financial plan?

_____

_____

_____

_____

_____

11. What is the most productive activity your department is involved in? Why?

_____

_____

_____

_____

_____

12. Are there some alternative revenue sources available to your department?

☐ Yes ☐ No

Explain: _____

_____

_____

_____

RETIRED CURRICULUM

13. What alternative services or methods would be politically and/or economically viable for your department to consider?

14. In what ways could a long-range plan help your department?

15. How does your department establish its budget priorities? How do you think it could be done better?

16. Do your department's station officers take part in the budget process? Could they accurately describe the process to their subordinates?

RETIRED CURRICULUM

17. What new revenue sources could your department utilize?

18. How could better communication between your fire department and other departments/agencies aid in developing your budget?

19. Who are the "power people" in your budget process (internal and external)? List them by name and/or title.

RETIRED CURRICULUM

20. Identify the type of strategy you think would be most useful in working with each of the above during budget justification.

21. Does your department have a formally designated team to provide public presentations?

If YES, how could they be used to justify your budget?

If NO, what would be the value of such a group during budget justification?

22. What is the single most important element of the budget justification process?

RETIRED CURRICULUM

23. Are budget controls (such as audit trails and quarterly reports) in place?

____ Yes ____ No

If YES, are they effective?

_____

_____

_____

_____

_____

_____

24. How do you handle budget adjustments?

_____

_____

_____

_____

_____

_____

_____

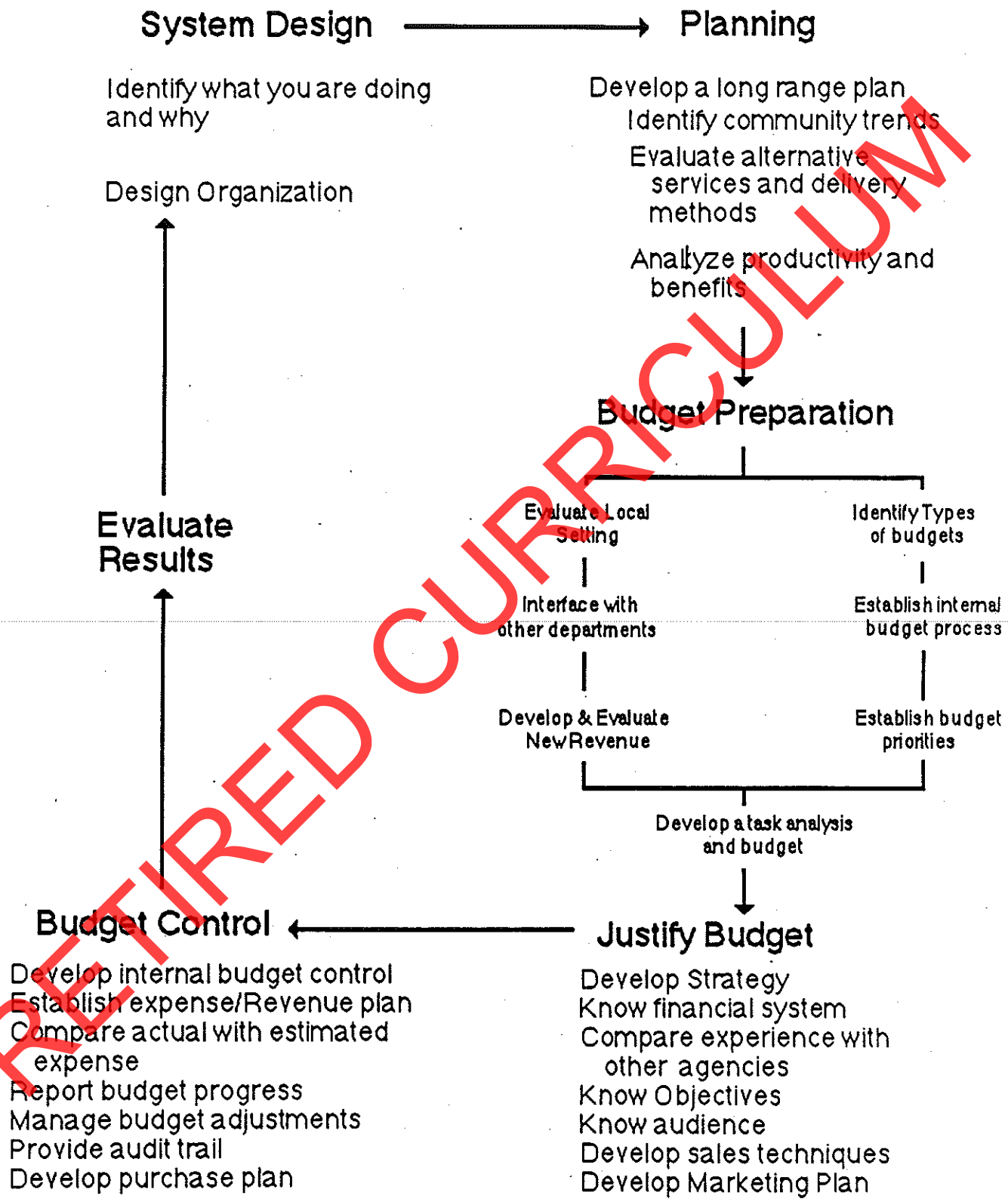
_____

_____

RETIRED CURRICULUM

EXAMPLES & HANDOUTS

RETIRED CURRICULUM



RETIRED CURRICULUM

FIRE SERVICE FINANCIAL MANAGEMENT

CITY OF WESTVILLE

DETAIL OF EXPENDITURES

FUND	DEPARTMENT	DIVISION	ACCOUNT NO.
GENERAL	FIRE		11-151

Object No.	ACCOUNT TITLE	1984-85 Actual	1985-86 Budget	1986-87 Department Request	1986-87 Manager Recommends	1986-87 Council Adopted
	SALARIES & BENEFITS					
101	Salaries, Full Time	4,287,597	4,449,500	4,615,100	4,615,100	
102	Salaries, Part Time	8,000	8,277	10,000	8,000	
103	Salaries, Overtime	412,662	480,000	525,000	512,500	
201	Retirement	340,000	355,960	372,000	372,000	
202	Workmen's Comp	29,498	43,100	57,446	56,514	
203	Medical/Life Ins.	11,447	14,592	14,231	14,231	
206	FICA EMP.	598,500	627,379	655,000	655,000	
	Subtotal	5,687,704	5,921,067	6,248,777	6,233,345	
	MAINTENANCE AND OPERATION					
301	Uniforms	35,682	36,000	37,700	37,700	
302	Training, Travel	1,731	1,800	1,855	1,855	
303	Etc.	2,000	22,000	23,000	23,000	

RETIRED CURRICULUM

LINE ITEM BUDGET

Example Line Item computer worksheet

	1	2	3	4	5	6	7
1		Westville	Fire Department	Budget			
2							
3		1986	Change %	Temp 1987	Fudge +/-	Final 1987	Final %
4		PERSONNEL	4.5				
5							
6	Salaries	$4449500.00	$200227.50	$4649727.50		$4649727.50	4.50%
7	Emp FICA	$627379.50	$28232.08	$655611.58		$655611.58	4.50%
8	Retirement	$355960.00	$16018.20	$371978.20		$371978.20	4.50%
9	Overtime	$480000.00	$21600.00	$501600.00		$501600.00	4.50%
10	Part Time	$8227.50	$370.24	$8597.74		$8597.74	4.50%
11							
12	Total Prsnl	$5921067.00	$266448.02	$6187515.02	$0.00	$6187515.02	4.50%
13							
14							
15		EXPENSES & OH	5				
16							
17	Utilities	$16400	$820	$17220		$17220	5.00%
18	Fuel	$22000	$1100	$23100		$23100	5.00%
19	Travel	$1800	$90	$1890		$1890	5.00%
20	Supplies	$26000	$1300	$27300		$27300	5.00%
21	Uniforms	$36000	$1800	$37800		$37800	5.00%
22							
23	Tot. Expen.	$102200	$5110	$107310	$0	$107310	5.00%
24							
25							
26	CAPITOL/FACILITIES		10				
27							
28	Mobil Equip	$325000	$32500	$357500	$65000	$422500	30.00%
29	Buildings	$0	$0	$0	$400000	$400000	#N/A
30	Fixtures	$55000	$5500	$60500	$20000	$80500	46.36%
31	Other Items	$22500	$2250	$24750	($5000)	$19750	-12.22%
32							
33	Tot. Capitol	$402500	$40250	$442750	$480000	$922750	129.25%
34							
35	Grand Total	$6425767	$311808	$6737575	$480000	$7217575	12.32%

WWW.PIONEERCURRICULUM

CITY OF WESTVILLE

PERFORMANCE BUDGET

1. Fund General Purpose	2. Function	3. Account	4. Department

Goal: To maintain a physical environment within the city wherein the incidence of fires will be a minimum. When fires do occur, to detect them in their incipiency and to then control them with a minimum loss of life and property. To provide emergency medical service, to stabilize the condition of sick and injured persons in the field, and ensure their delivery to a medical facility with minimum trauma effects.

Programs	Performance Indicators
2.0 Fire Suppression and Rescue	
2.1 Alarm/Communications	Number of calls for emergency service.
	Ratio of defects found to alarm/communication systems tests conducted.
	Number of alarm/communication problem reports.
2.2 Dispatching	Number of type of calls dispatched.
	Percentage of phones answered by third ring.
	Percentage of calls dispatched in less than designated target time.
2.3 Fire Fighting	Number of fire alarms.
	Percent of first-in response items less than designated target time.
	Per capita loss of $/injury/death.
2.4 Emergency Medical Services	Number of paramedic service responses.
	Percent of service responses in less than designated target time.
	Number of cardiac arrest victims sustained by paramedics.
	Percent of nonparamedic first aid responses in less than designated target time.
2.5 Technical Services Support	Total hours down time of emergency equipment.
	Major equipment repair costs.
	Major equipment replacement costs.

RETIRED CURRICULUM

PROGRAM BUDGET

PUBLIC SAFETY	FIRE DEPARTMENT

PROGRAM Fire Suppression

PROGRAM DESCRIPTION The readiness for, response to, and control of, hostile fires consistent with the mission of preserving life, property, community, and quality of life in Westville.

1. Respond to 90% of all calls for hostile fire within four minutes with the first firefighting unit, and six minutes for the second unit after dispatch.
2. Restrict fire damage after arrival on average to 15% of that damage which occurred before arrival.
3. Limit damage to an average of 2% of threatened property's values.
4. Limit damage annually to ½ of 1% of the assessed valuation of the community, based on a five year average.

Measurement	Objective	1985 Actual	1986 Estimate	1987 Projected
Demand				
Number of calls for fire suppression	1			
Number of overlapping calls				
Number of company responses needed				
Number 1st due company on other call				
Number of calls no company available				
Workload				
Total company hours spent on calls				
Average % of available hours on calls				
Number of ladder/interior rescues needed				
Number of hose lines needed				
Productivity				
Response times, all companies				
Number of operations/company/man				
Average cost per call (per cost model)				
Effectiveness				
Per capita life losses				
Per capita dollar losses				
% damage sustained after arrival				

Analysis

The relationships between station location, response times, unit manning, fire ground task load, company availability, fire ground effectiveness, and civilian and fire personnel safety are complex, but real. The program attempts to maintain a balance between acceptable risk and costs of resources by periodic monitoring of the performance indicators mentioned above and others. Effectiveness of other programs; i.e., prevention, training, etc., have an effect also.

Category	85 Actual	86 Budget	86 Revised	87 Budget
Personnel	$5,687,704	$5,921,067	$5,914,000	$6,248,777
Operating/Maintenance Supplies	98,000	102,200	102,650	107,310
Professional Services	4,000	4,600	4,200	4,200
Capital Outlay	325,000	402,500	407,000	922,750
TOTALS	$6,114,704	$6,430,367	$6,427,850	$7,283,037

RETIRED CURRICULUM

COSTS ($)

Factor	Continuous	One Time	5 Inspectors
Salary	$22,000		$110,000
Fringe Benefits	5,000		50,000
Car		36,000	
Operating Car	2,000		10,000
Radio/equipment		4,000	
Maintenance of radio/ equipment	500		2,500
Uniforms/equipment	500	1,000	2,500
Dispatching and Support	3,000	9,000	15,000
Totals	$43,000 Each	21,000	215,000

Cost distribution account system for a pure program budget; cost of fire inspector services.

RETIRED CURRICULUM

PURE PROGRAM BUDGET

CONTINUATION FUNDING LEVEL

PROGRAM	DEPT.	ACCOUNT NO.	RANK: MGR.	RANK: DEPT. HEAD	RANK: ADMIN.	RANK: COUNCIL
FIRE PREVEN.	FIRE	301	2 OF 4	7 OF 22	59 OF 309	59 OF 309

PROGRAM GOAL:

To protect life and property by preventing unfriendly fires from starting and to maintain a construction and fire loading system that will keep potential fire problems within the manageable limits of the fire control system.

DESCRIPTION OF PROGRAM ACTIVITIES IN FY 86/87:

- Perform fire investigations to determine causes for fire prevention purposes and to determine the malicious setting of fires.
- Provide for elimination of future fire hazards and to insure access and firefighting capability through planning and plan checks.
- Eliminate fire hazards through code enforcement.
- Provide public information and education to inform and motivate the public of the need to:
  A. Eliminate fire hazards.
  B. Become fire safety conscious.

ACCOUNT FOR COST INCREASE WITH CONTINUATION FUNDING OVER FY 86/87:

The personnel costs have been increased due to salary increases per association agreements.

QUANTITATIVE MEASURES	FY 86-87	FY 87-88
Number of fires investigated with necessary follow-up.	150	150
Number of developemnt plans checked for access, water, fire protection systems and State code compliance.	1,404	1,404
Inspections for code compliance.	3,070	3,070
Public information and education lectures and demonstrations to inform community of fire and other life saving hazards.	820	820
COST SUMMARY	FY 86/87	FY 87/88
Personnel Costs	214,931	245,833
Operating Expenses	8,923	8,613
Capital Outlay	223,854	254,445
Total		
No. of Personnel Permanent/Ceta	7 0	7 0

Zero-based budgeting sample.

RETIRED CURRICULUM

PLANNING PROGRAM BUDGET	Department/Division Fire Department	No. 16.00

	Actual FY 1985	Current FY 1986	Proposed FY 1987	Final FY 1987
Input				
Staffing (Position-Years)	28.00	28.00	28.00	30.00
(PEP, CETA, etc.)	(4.00)	(4.00)	(-0-)	(-0-)
Personnel Expense	$634,921	$582,169	$595,170	$648,435
Non-Personnel Expense	28,460	23,471	25,321	25,321
TOTAL	$663,392	$605,640	$620,491	$673,756
Output				
Number of annual inspections required	6,917	6,920	2,980(1)	2,980(1)
Number of inspections performed (total)	2,300	2,400	2,400	2,800
Percent of required annual inspections performed - %	33	35	81	81
Number of permit renewal inspections required	N/A	250	0	0
Number of fires requiring investigation	1,400	1,500	1,600	1,600
Number of investigations performed	808	900	900	900
Position hours per investigation performed	2.1	5.0	5.0	5.0
Number of arson related arrests	53	55	60	60
Number of arson related convictions	43	45	50	50
Number of fire hazard complaints received	2,189	2,300	2,400	2,400
Number of fire hazard complaints resolved	1,813	1,900	2,000	2,000
Number of plan checks	1,383	1,200	1,200	1,200
Position hours per plan check	1.61	5.0	5.0	5.0

(1) Based on anticipated revision to Uniform Code to limit required inspections to schools, care facilities, public assembly areas.

A planning-programming-budgeting system adapted for a fire department.

RETIRED CURRICULUM

LINE ITEM OUTPUT FROM INTEGRATIVE BUDGET

LINE ITEM BUDGET AND PROJECTIONS:

CODE 04-40-30

Fund	Department	Division	Section	Unit
Public Safety 04	Fire	Fire Suppression		

Actual	Expenditures	Appropriation	Description	Recommended	+ (-)	Approved	Projections		
FY 82-83	FY 83-84	FY 84-85	Personal Services	FY 85-86		FY 85-86	FY 86-87	FY 87-88	FY 88-89
95	97	97	1000 Full Time Positions	97			97	97	97
858	722	722	1100 Regular Overtime Hours	650	72-		650	650	650
858	722	722	Total Hours Required	650	72-		650	650	650
			Personnel Costs						
1464667	1529103	1701871	10000 Salaries	1731474	29603		1818048	1908950	2004398
		39570	10003 Supplemental Pay	43980	4410		46179	48488	50912
95	946	10362	11000 Regular Overtime	9329	1033-		9795	10285	10799
1218	306	3012	11001 Paramedic Overtime	3012			3163	3321	3487
4355	8321	15000	11010 Constant Manning	10000	5000-		10500	11025	11576
1773			13000 Part Time						
54216	61292	66675	14000 Special Pay	75000	8325		78750	82688	86822
329701	345005	399346	15001 Retirement	406222	6876		426533	447860	470253
	209	374	15002 Supplemental Retirement	404	30		424	445	467
	9320	27214	16000 Injury Pay	20843	6371-		21885	22979	24128
4069	45593	52081	16001 Health Insurance	70584	18503		74113	77819	81710
10887	10921	11475	16002 Life Insurance	12250	775		12863	13506	14181
66366	42437	108855	16003 Workers' Compensation	59550	49305-		65228	65654	68937
7644	7715	10296	16004 Dental Insurance	10296			10811	11352	11920
	24187	26183	16007 Sick Leave Reserve	26435	252		27757	29145	30602
			16008 Vacation Reserve	13217	13217		13878	14572	15301
2006307	2085355	2472314	Total Personnel Services	2492596	20282		2617227	2748089	2885493
			Maintenance & Operation						
13604	18821	21840	21000 Utilities	24000	2160		25200	26460	27783
51736	51736	53618	21001 Hydrant Rental	9118	44500-		9574	10053	10556
1338	1860	1838	24000 Office Supplies	1930	92		2027	2128	2234
933	941	960	27000 Office Equip. Expense	960			1008	1056	1111
12520	10895	12950	28000 Uniforms	13500	550		14175	14884	15628
74640	75334	87121	29000 Equipment Expense	100065	12944		105068	110321	115837
59	438	473	34000 Small Tools	373	100-		392	412	433
107	415	378	35000 Travel & Subsistence	378			397	417	438
330	370	420	36000 Training	420			441	463	486
	1000	1000	36001 Firemens' Olympics	1000			1050	1103	1158
104	61	289	37000 Dues & Subscriptions	289			303	318	334
8583	18907	13650	40000 Special Expense	13650			14333	15050	15803
587	799	2000	40001 Paramedic Program	2000			2100	2205	2315
199718	219341	296242	59990 Overhead	295291	951-		310056	325559	341837
364259	400918	492779	Total Maintenance & Operation	462974	29805-		486124	510431	535953
			Capitol Outlay & Improvement						
			70000 Fire Hose	8000	8000				
			71000 Breathing Apparatus	1620	1620				
			76000 Fire Fighting Tools	750	750				
20436	28589	15820	99999 Prior Year / Projections		15820-				
20436	28589	15820	Total Capitol Outlay	10370	5450-		3103351	3258520	3421446

RETIRED CURRICULUM

RETIRED CURRICULUM