



IAFC

International Association of Fire Chiefs



The New Economic Recovery

Reflections of the Post-Recession Economy in the Fire and Emergency Service

Sound Familiar?

“No matter what the reason for the cuts, it’s going to hurt the safety of the citizens of Canton. It just is. Our response times will be longer because we have farther to go. We have fewer firefighters to do the job.”

— Fire Chief Tom Garra, Canton Fire Department



Sound Familiar?

“I’m not going to stand here and scream, and say people are going to die in the streets. We’ll make it happen, as we always do.”

– Fire Chief Gary Brunoli, Torrington (CT) Fire Department



Sound Familiar?

"These changes may impact how we provide services to the community. Change can cause stress, but it can also provide opportunity for improvement."

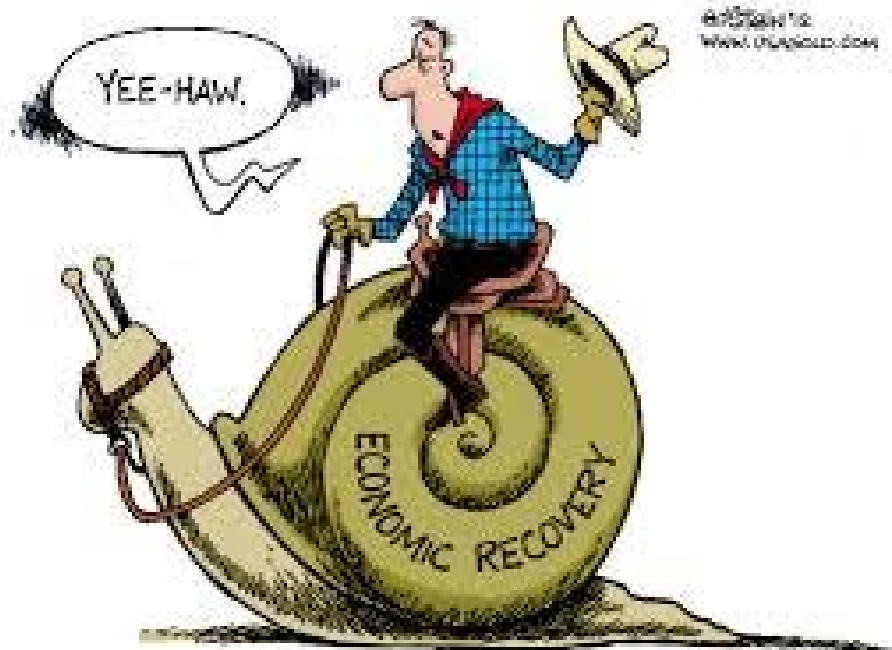
— Fire Chief Gary Critchley, Tucson Fire Department



What Recovery?

The recession ended *7 years ago*, but it does not feel like it to...

- fire departments
- local governments
- people we protect



Living During the Great Recession

- Quick, how many recessions has the United States had in the past half century?

8 or about 18% of the time

- Since 1960, the country has gone through one or two recessions per decade. On average one every 5.9 years since 1926. Yet both voters and politicians seem to think economic slumps are far rarer than they actually are — with odd effects on elections and policymaking.



Recession defined

- Significant decline in economic activity, lasting more than a few months.
 - ▼ Real GDP
 - ▼ Real Income
 - ▼ Employment
 - ▼ Industrial production
 - ▼ Wholesale/retail sales



Economic Downturn: Is it Over?

- 1st Quarter of 2015 was a downturn in the economy
- Most believe that the US does not have a stabilized “growth” economy post recession but is it fact?
- Many states’ legislation has limited the ability to recover even if the economy was experiencing double digit growth



Economic Outlook...*Good?*

- Incomes 
- Unemployment 
- Industrial Production 



Economic Outlook...*Good?*

- S&P 500 Up 200% and in the black for the first time in 2016
- NYSE up 165%
- NASDAQ up 260%
- Dow Jones Industrial Average up 165%
- Unemployment 5.0%
- Top 1% earnings growth of more than 30%



Economic Outlook...*Bad?*

- Workforce Participation ↓
- Stuck in Part-time Jobs ↑
- Discouraged Job seekers ↑



Economic Outlook...*Bad?*

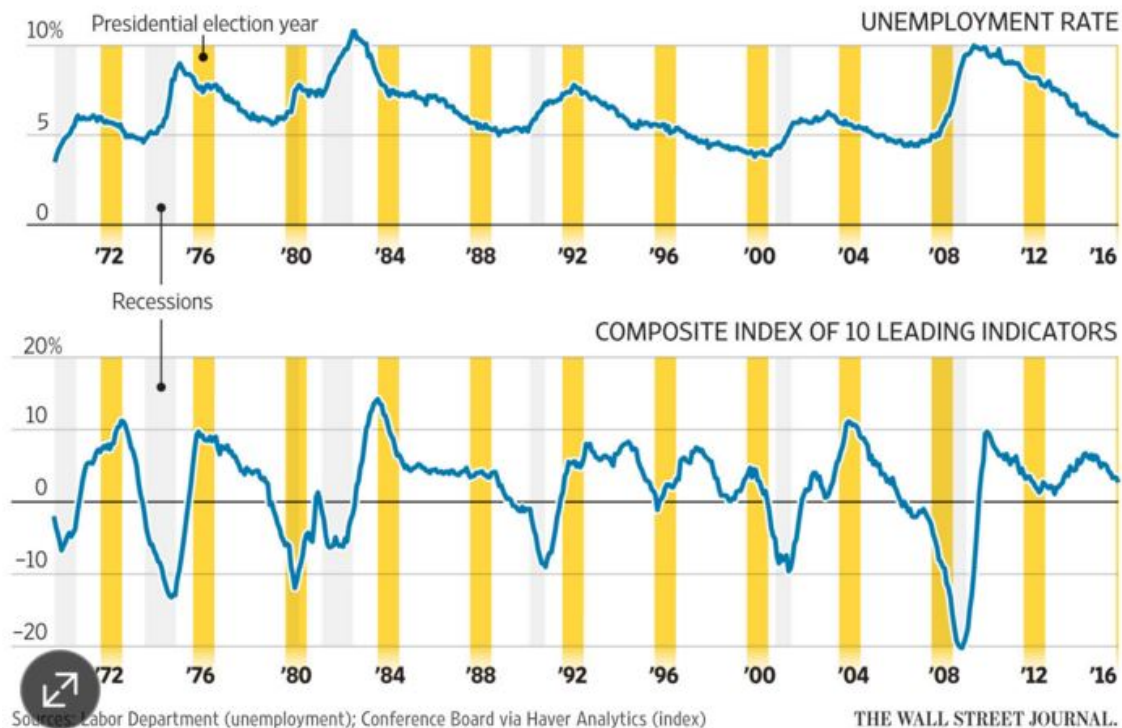
- Since December 2007, bottom 99% had earnings growth of 0.4%
- Population receiving food stamps has doubled in this time frame to 1/6th of the total population
- Income gap has slowed growth to an estimated 2.5% annual GDP for the coming decade
- 70% of the workforce still has inflation adjusted wages lower than 2007
- Underemployment rate still 9.9%
- Real estate values still 20% lower than pre-recession



Clinton, Trump, Other

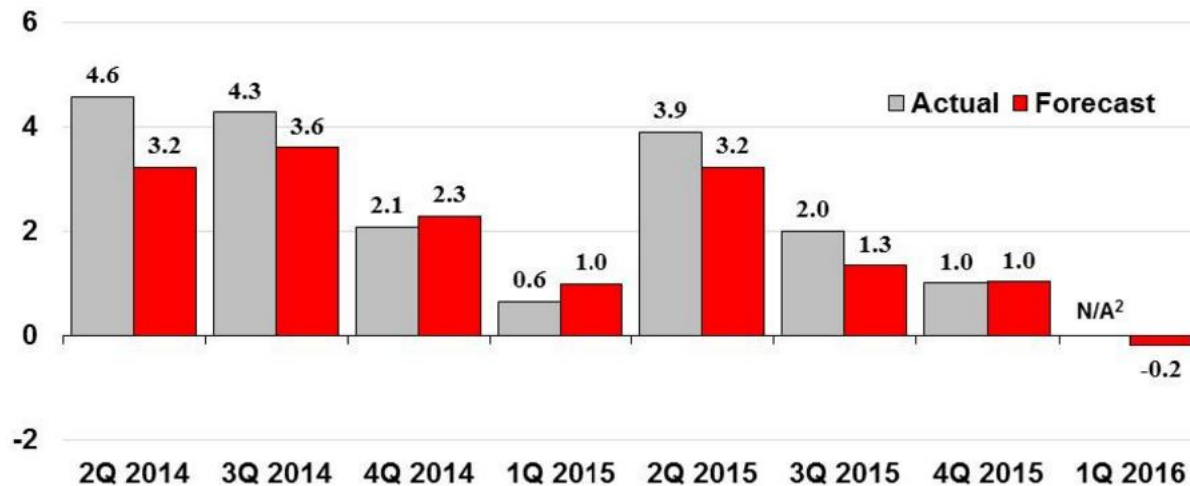
Election Economics

This election year started with an unusually low unemployment rate, at 4.9%, but a major index of leading indicators suggests the economic expansion is slowing.



US Gross Domestic Product

Figure 2
U.S. Real GDP Growth
(%, annual rate)



Sources: U.S. BEA, actual real GDP growth, retrieved from FRED, Federal Reserve Bank of St. Louis and The Forecasting Advisor, forecast. 1. The forecast for 1Q 2016 takes into account data up to February 2016. 2. The first official estimate of real GDP growth for the first quarter of 2016 will be released by the U.S. BEA on April 28.



Lost Decade

- Recovery has been unusually sluggish across regional job markets
- Employment set to stay low for years
- Won't return to normal levels until the 2020s



Unemployment Rate

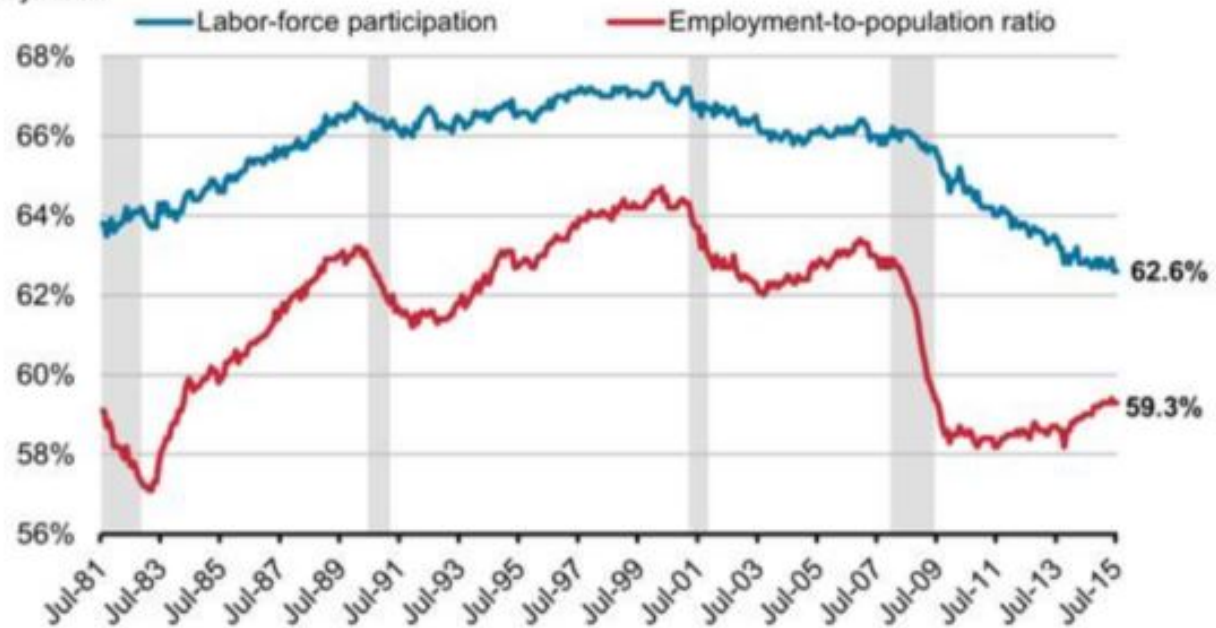
Chart 1. Unemployment rate, seasonally adjusted, February 2014 – February 2016



Not Working

Not Participating

Share of civilians in the U.S. labor force and employment-to-population ratio, seasonally adjusted



Source: Labor Department | WSJ.com



Home Resales Down

- U.S. home resales fell sharply in February in a potentially troubling sign for America's economy which has otherwise looked resilient to the global economic slowdown.
- Down 7.1% this year.
- First time home buyers are at 28% - where 40% is considered healthy and is the 30 year average



Personal Debt



National Debt

- The outlook for the U.S. national debt has actually gotten less dire in recent years
- Lower health-care inflation
- More time for overhauling Social Security and Medicare



Consumer Prices

- Gasoline
- Electricity



Consumer Prices

- Rent
- Medical Care
- Apparel



NACo County Explorer

NACo COUNTY EXPLORER

MAPPING COUNTY DATA

Map an Indicator

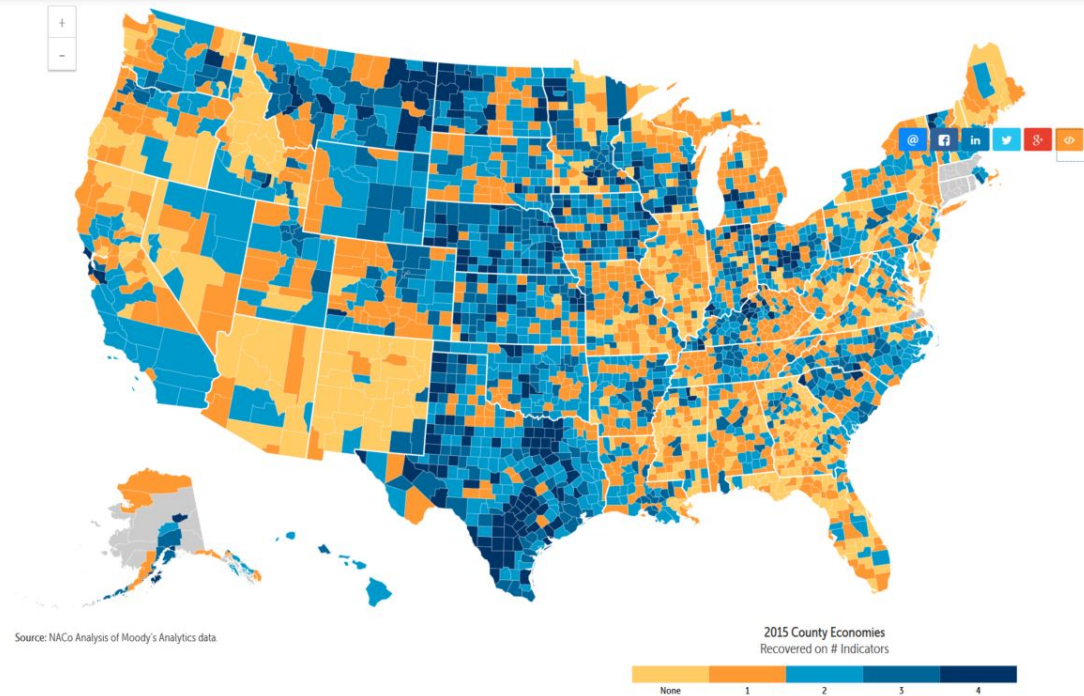
County Profiles

City/Zip Search

County Search

State Search

County 1

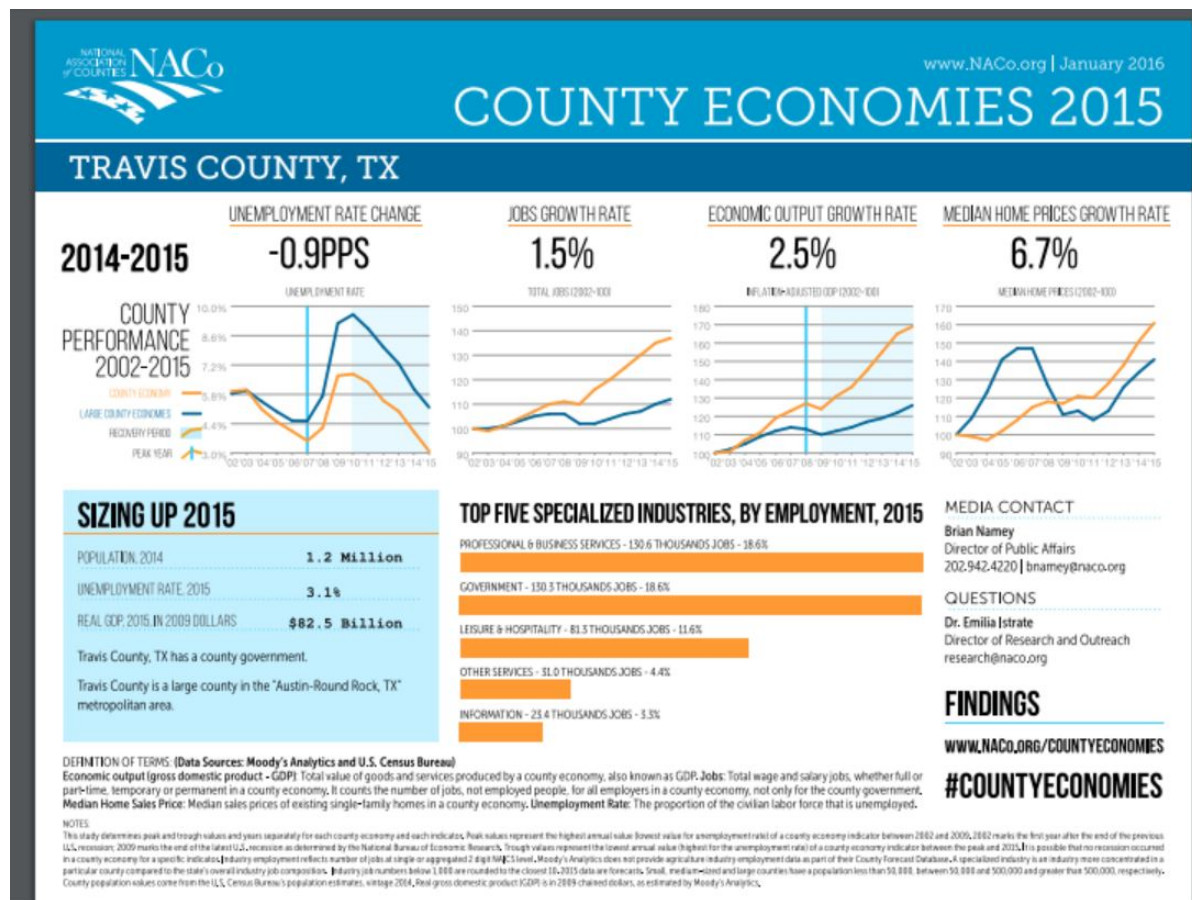


*county data is unavailable if the county is colored grey



NACo County Explorer

<http://explorer.naco.org/>



DEFINITION OF TERMS: (Data Sources: Moody's Analytics and U.S. Census Bureau)

Economic output (gross domestic product - GDP): Total value of goods and services produced by a county economy, also known as GDP. **Jobs:** Total wage and salary jobs, whether full or part-time, temporary or permanent in a county economy. It counts the number of jobs, not employed people, for all employers in a county economy, not only for the county government. **Median Home Sales Price:** Median sales prices of existing single-family homes in a county economy. **Unemployment Rate:** The proportion of the civilian labor force that is unemployed.

NOTES

This study determines peak and trough values and years separately for each county economy and each indicator. Peak values represent the highest annual value; lowest value for unemployment rate of a county economy indicator between 2002 and 2009, 2009 marks the first year after the end of the previous U.S. recession; 2009 marks the end of the latest U.S. recession as determined by the National Bureau of Economic Research. Trough values represent the lowest annual value (highest for the unemployment rate) of a county economy indicator between the peak and 2015. It is possible that no recession occurred in a county economy for a specific indicator. Industry employment reflects number of jobs at single or aggregated 2 digit NAICS levels. Moody's Analytics does not provide agriculture industry employment data as part of their County Forecast Database. A specialized industry is an industry more concentrated in a particular county compared to the state's overall industry job composition. Industry job numbers below 1,000 are rounded to the closest 10. 2015 data are forecasts. Small, medium-sized and large counties have a population less than 50,000, between 50,000 and 500,000 and greater than 500,000, respectively. County population values come from the U.S. Census Bureau's population estimates, vintage 2014. Real gross domestic product (GDP) is in 2009 chained dollars, as estimated by Moody's Analytics.



NACo County Explorer

- Recovery accelerated in 2015 on unemployment rates and home prices.
- Most county economies grew in 2015, but economic output (GDP) expansion was less pronounced.
- Wages increased between 2013 and 2014, especially in large county economies.
- The recovery is creating an uneven geography of opportunity across county economies.



Federal Cuts & Threats

The administration's proposed FY 2017 budget cuts:

- U.S. Fire Administration
- National Fire Incident Reporting System
- State Fire Training Grants
- National Fallen Firefighters Foundation Memorial
- FIRE and SAFER grants programs
- State Homeland Security Grant Program
- Urban Areas Security Initiative
- Urban Search and Rescue System.



Federal Cuts & Threats

The administration's proposed budget also would attempt to restructure the Assistance to Firefighters Grant program.

AFG has a sunset of January 2018.



Economic Standing

Economic impact is difficult to gauge

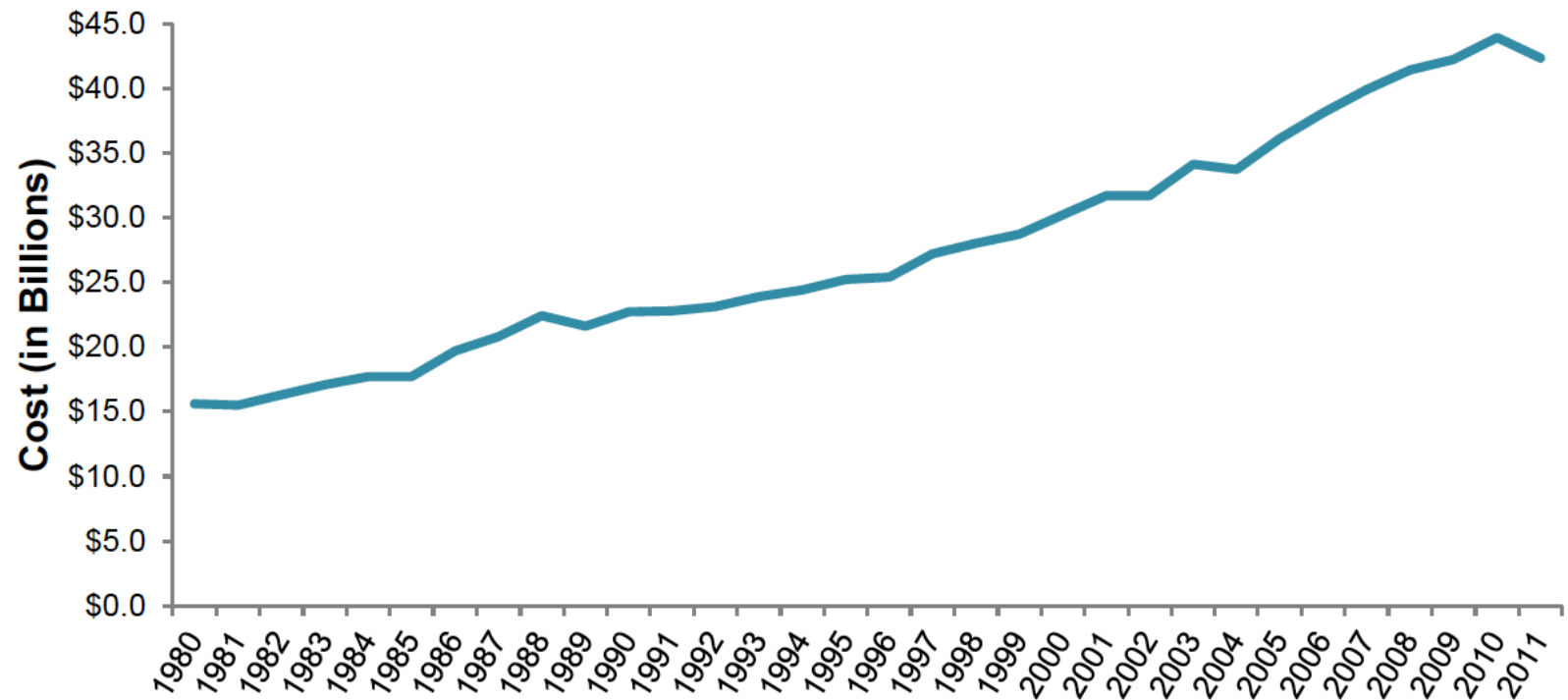
– *“If you’ve seen one fire department...
you’ve seen one fire department”*

- Divisive political environment at all levels of government
- Conflicting data /opinion on recovery
- Political posturing / finger pointing
- Mostly anecdotal evidence; lack of FD data
- Local budgets are lagging indicators

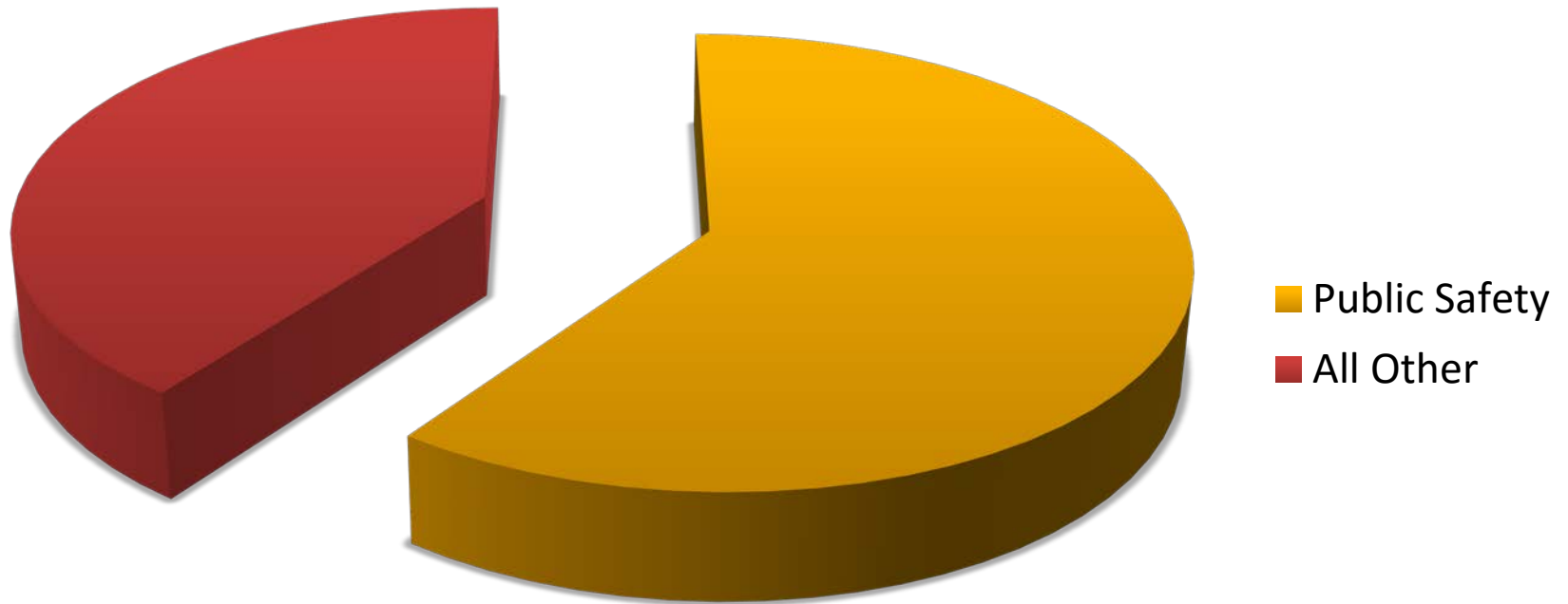


Local FD Expenditures⁴

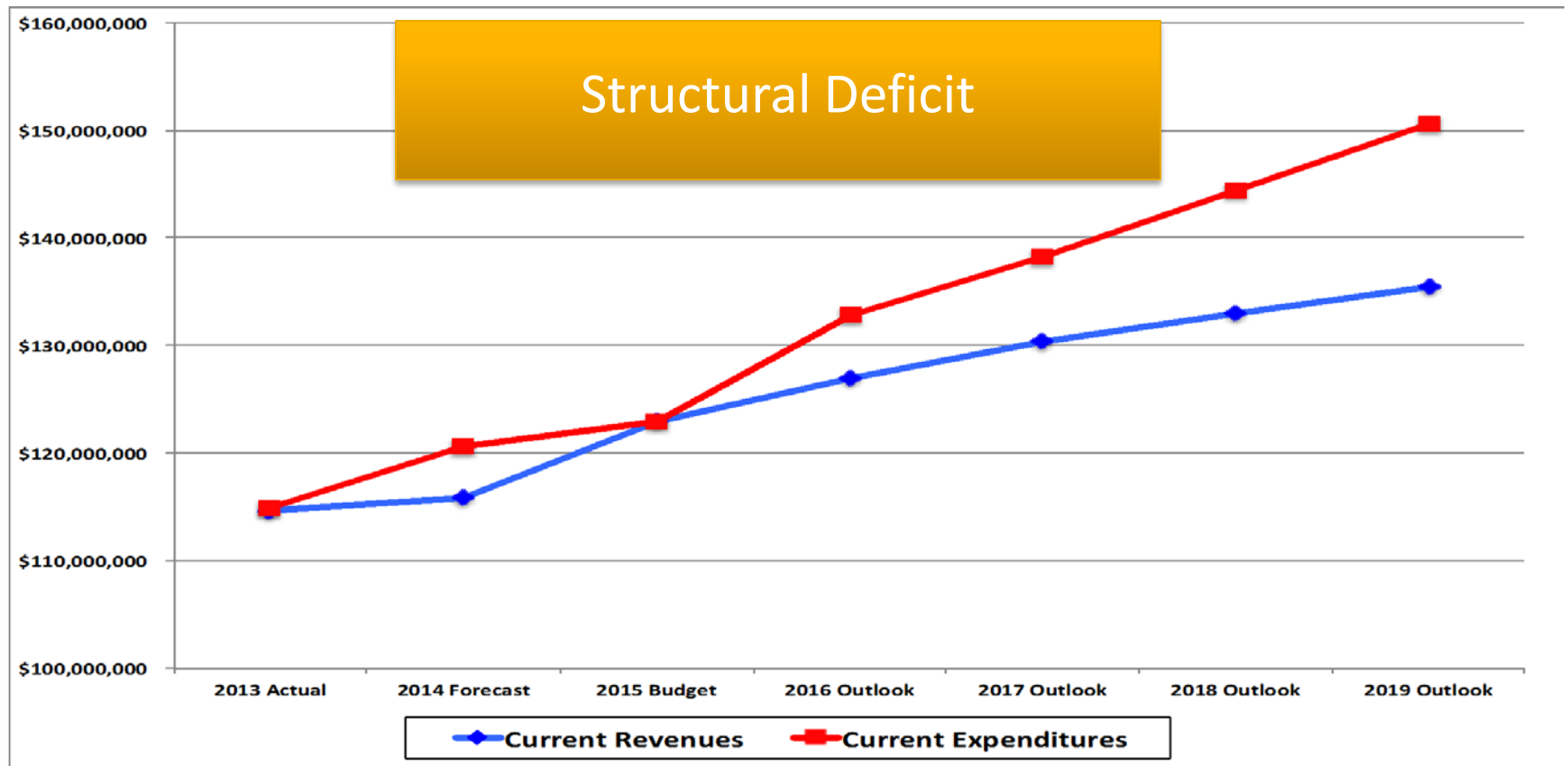
Local Fire Department Expenditures in 2011 Dollars
1980-2011



Public Safety Proportion of General Fund Expenditures

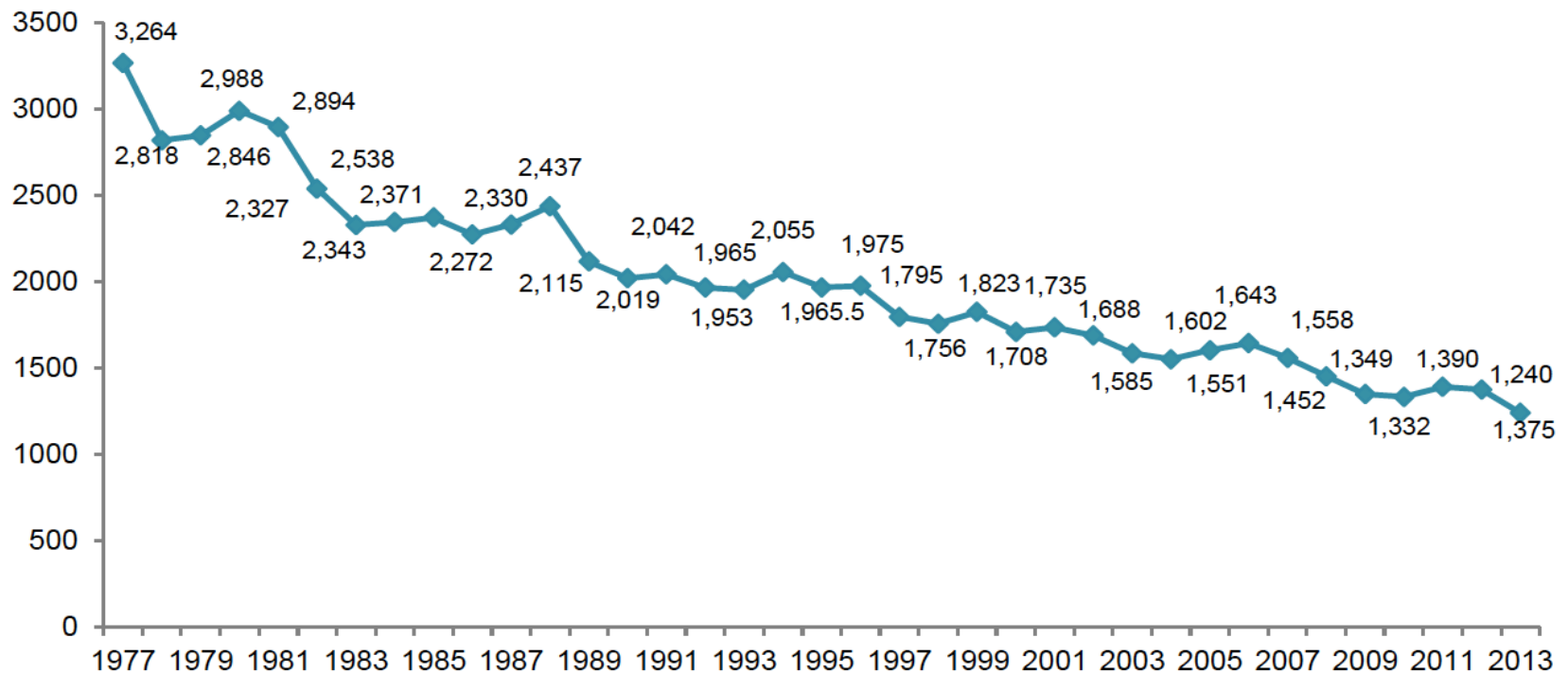


Long-Term Sustainability?



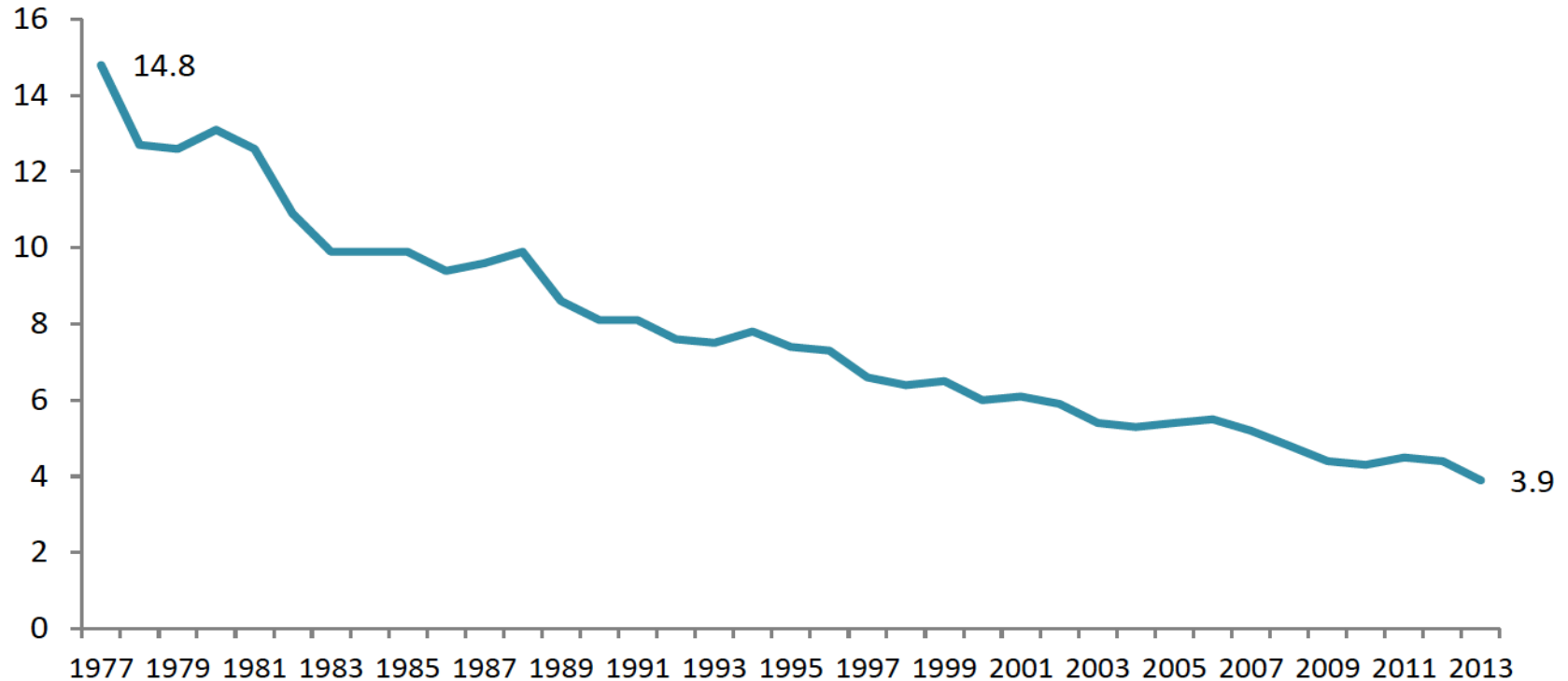
A Tale of Two Services²

**Figure 1. U.S. Fire Incident Trends
(in Thousands 1977-2013)**

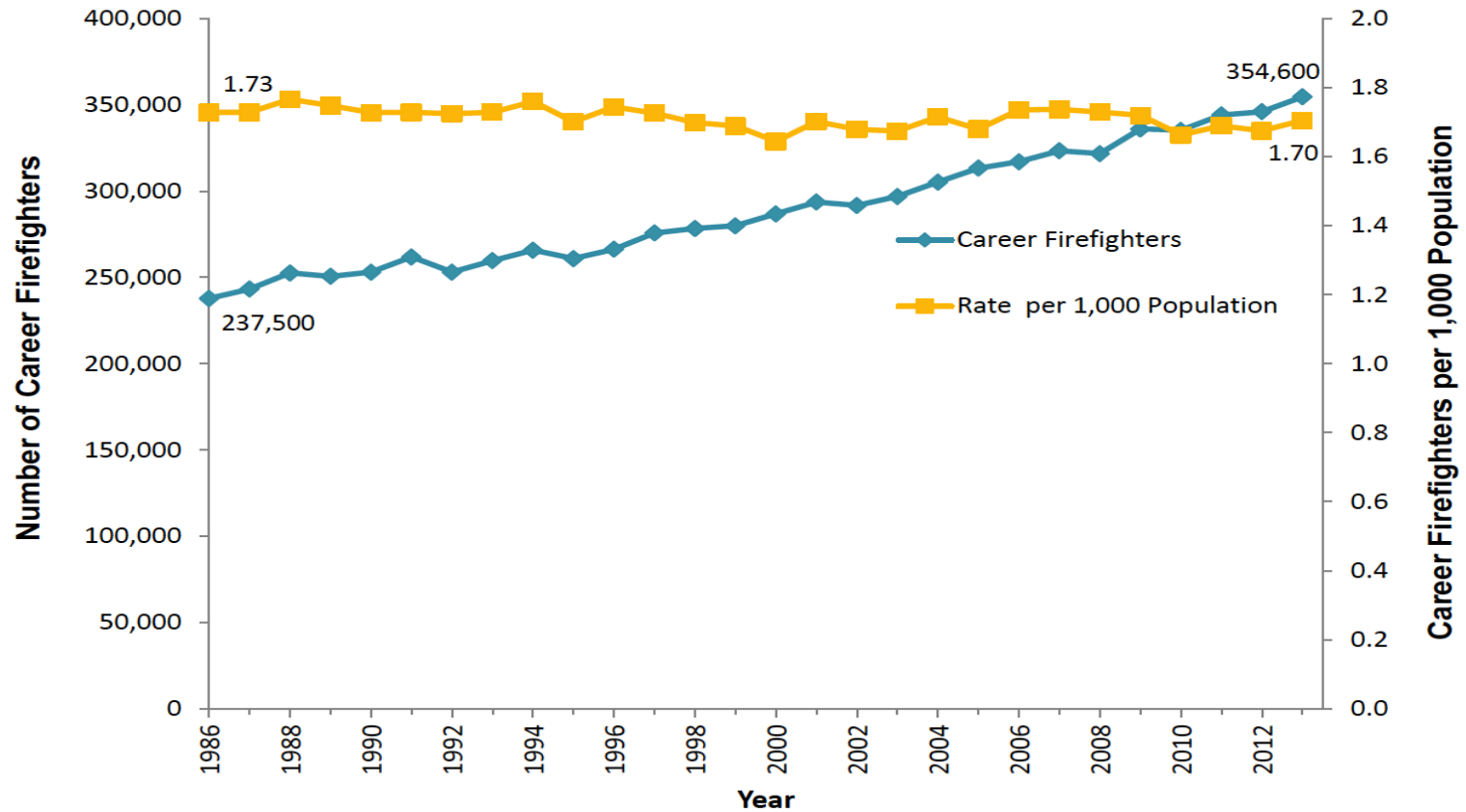


A Tale of Two Services²

Figure 2. Trend in Reported Fire Rates per Thousand Population
1977-2013



Growth in Career Firefighters³



Decline in Volunteer Firefighters³

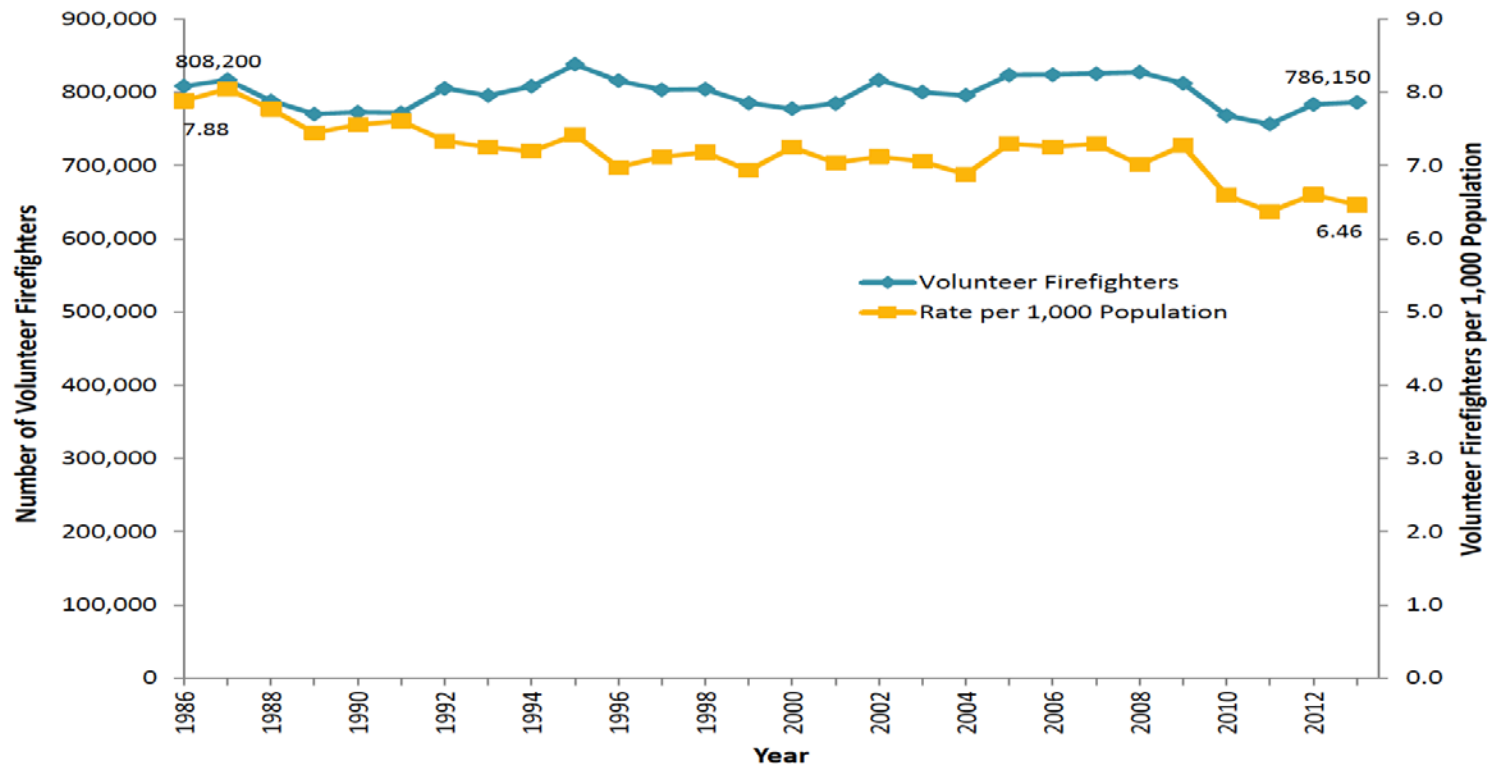
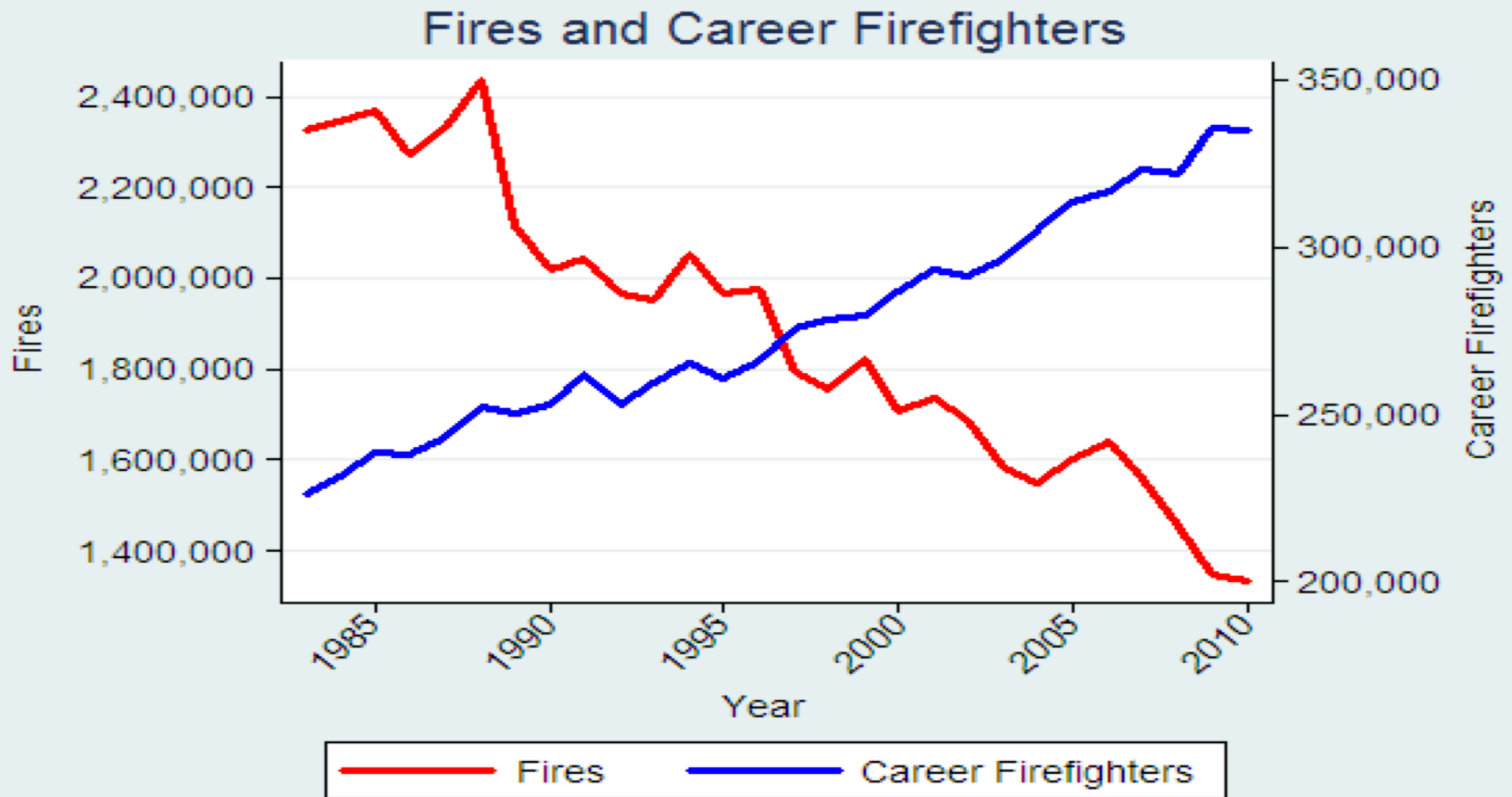


Figure 2: Number of Volunteer Firefighters and Rates per 1,000 People. Source: NFPA Annual Survey of Fire Departments for U.S. Fire Experience (1986-2013).



Well...Yes....But...?⁵



Source: The National Fire Protection Association



A Tale of Two Services²

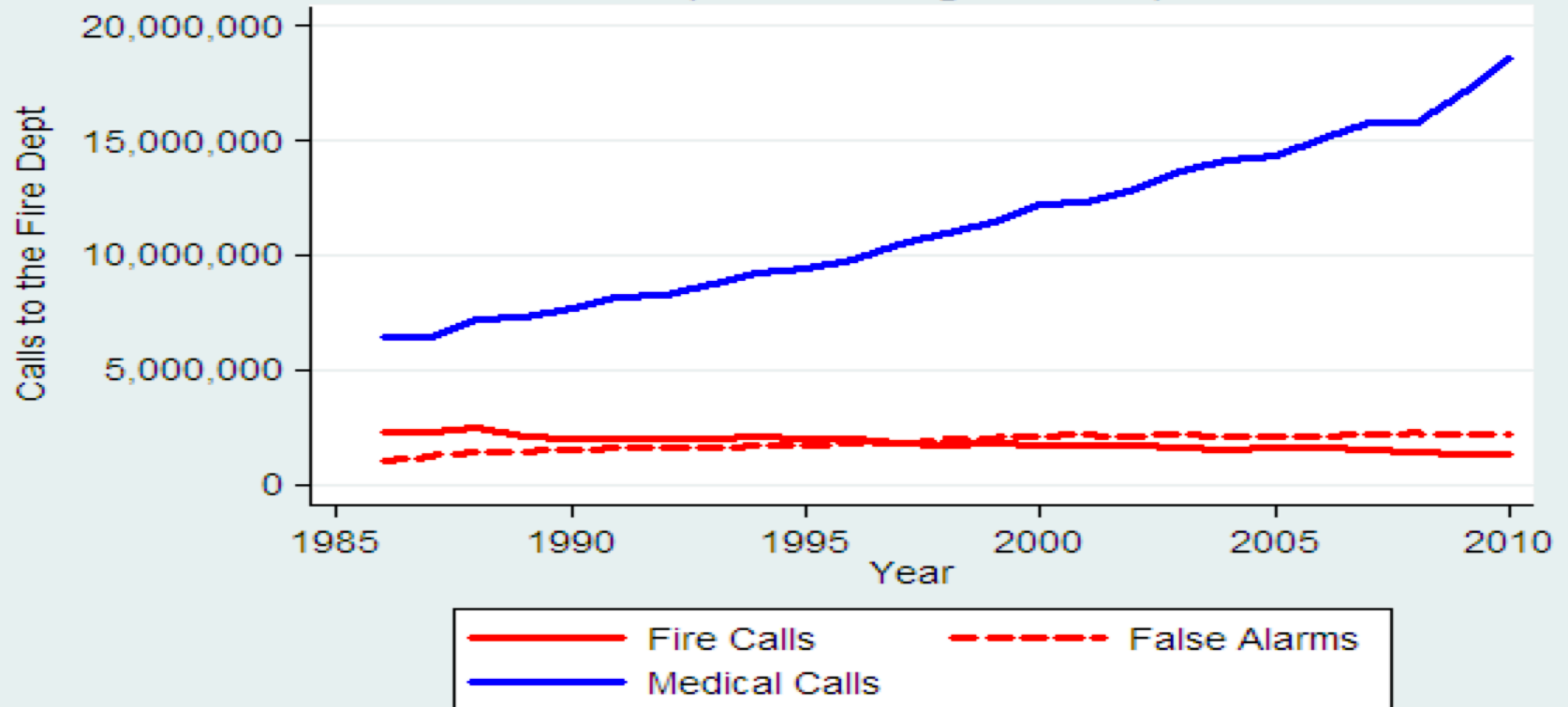
Table 3.
U.S. Fire Department Responses in 2013 Compared to 2012, 2003, 1993 and 1983

Reported To Fire Departments	2013	Compared To			
		2012	2003	1993	1983
Total calls	31,644,500	Down 1%	Up 41%	Up 107%	Up 189%
Fire calls	1,240,000	Down 10%	Down 22%	Down 36%	Down 47%
Medical aid or rescue responses	21,372,000	Down 2%	Up 57%	Up 144%	Up 278%
False alarms	2,343,000	Down 5%	Up 7%	Up 42%	Up 139%
Mutual aid or assistance calls	1,298,000	Down 2%	Up 32%	Up 139%	Up 268%



What Do Firefighters Do?⁵

What Firefighters Do
(It's Not Fight Fires)



Source: The National Fire Protection Association



Public Perception

- “I think the firefighters do a good job, but I wish they would stop telling me how great they are long enough for me to tell them”
- “Why are we sending three and four units to a simple ambulance call?”
- “Why are we paying them to digest lasagna?”
- “How many fires did we have last year?”
- “I called for the paramedics, why is the fire department here?”
- “Could they take a smaller truck?”



Leaders Role

- Understand the “Big Picture”
 - National, local, department
 - Data, data, data
- Seek and understand alternatives
 - Operations
 - Administration
 - Funding
- Build partnerships



City/County Manager Expectations

- Effective services to the community
 - As determined by the public
 - As articulated by Elected Officials
- Efficient services to the community
 - As determined by the Budget Office
 - As endorsed by the Elected Officials

City Managers are already planning for the next recession



What Matters ?

- What does the public care about?
 - You are there fast
 - You do a good job
- What is the Fire Service trying to convince them is important?
 - A specific response time
 - A certain # of FFs on the truck



Gaining Efficiencies

- Program management efficiencies:
 - What programs are necessary to address the threats in specific communities?
 - Alternative staffing models to keep programs alive
 - Leveraging technology support department goals



Strategies for Gaining Efficiencies

- Rethinking response
 - Peak staffing at peak hours
 - Light duty vehicles
- Public-private partnerships
- Outsourcing and privatization
 - Don't go overboard
- Accreditation
- Green initiatives
- Challenging cherished assumptions



What are the funding streams and revenue projections for next 5 years?

Trim



Haircut



Where will it go?

- Continued increases in health care costs
- Continued retirement contributions
- Continued increase in cost of apparatus and equipment
- Failing infrastructure such as roads and buildings
- Increases in taxes to maintain services
- Meeting mandates and unfunded requirements



So What?

- More expenses for personnel
- Delaying or changing apparatus and equipment purchases
- Evaluating new response models
- Integrating technology for response and purchase decisions
- More sophisticated buyers-elected officials



Is the Community Willing to Assume More Risk?



Will there be a recession?

- Checklist to see if economic expansion has run its course.
 - Full employment (check)
 - Wage gains (hardly present)
 - Inflation (1.7 percent is far below recession level)
 - Aggressive Federal Reserve tightening with high interest rates (mere 0.25 percent)

Multiple pundits said it was eminent in 2015



2016 Stock Market



Prev Close	17,685.09	High	17,811.48
Open	17,661.74	Low	17,568.02
52 Wk Low	15,370.30	52 Wk High	18,351.40



Final Thoughts

Economic recovery is in the eye of the beholder.

Don't expect any presidential candidate - Clinton, Trump, Other to save the day.

We must LEAD the fire & emergency service and innovate harder to emerge stronger

Will the fire service step-up to the opportunity?





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