

**Implications to consider in the  
Privatization of the City of  
Flint Ambulance Service**

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Abstract

With decreased revenues and increased or constant demands for services state and local government units have examined a wide range of privatization alternatives. The most common of these alternatives has been the use of contracting for services. Contracting of services has been an alternative that has been utilized by an increasing percentage of municipalities as revenues have decreased.

Data obtained from the City of Flint and various other sources were compared to illustrate implications that must be considered if a privatization effort of the municipal ambulance service was to be pursued. Implications that were examined concern economic factors, quality of service issues, social concerns, union and labor implications, legal issues, and political effects.

The results of the examination indicate that 1) wage and fringe benefit packages offered to private sector employees were generally less than those received by comparable public employees; 2) competition would increase efficiency in the ambulance service; 3) the impact on minority individuals would be proportionate to the impact on the total work force; 4) labor and union negotiation is mandatory for an effort to succeed; 5) legal issues must be explored thoroughly as they pertain to the situation; and 6) political factors have an immense impact on the structure of the EMS service.

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## Introduction:

With unlimited demands for services and limited revenues to provide these services, governments are searching for alternative means of providing services. One method that has received increased attention and utilization at federal, state and local levels is the possibility of privatization. The exact definition of privatization varies due to the conditions of the situation. The underlying policy with all types of privatization is the shift of provision and/or production of a governmental service to another provider or producer. Alternative methods vary in the amount of control that the government relinquishes or retains. At one extreme is the passing of control and operation of a government entity to another provider that would be responsible for the provision and production of the product. The opposite end of the spectrum is composed of the much more popular alternative of contracting out of service. In this more common type of privatization the government retains provision responsibility, but the service is produced elsewhere. The focus of this essay will be concerned with the implications of this contracting out alternative on the public ambulance service of the City of Flint, Michigan.

Municipal officials in many jurisdictions have been enlightened by the spark of privatization. Dwindling tax revenues in once thriving factory cities, such as Flint, Michigan, have caused strains on local budgets. The question of what is the business of government is being asked repeatedly. Traditional services that have been provided by public personnel such as sanitation, public works and public safety, have

come under intense scrutiny. The contracting out option has been used for many years at both the state and local levels. (Poole 1987) Contracting of some services was utilized by 99% of the United States cities polled by Touche Ross. (Ross 1987)

Localities considering a privatization move must not proceed arbitrarily. The list of implications that are both directly and indirectly associated with such a move must be considered. Savings in one area, such as service production, may be overshadowed by expenditures in other areas. The macroeconomic aspect of considering all effects on all actors, not just the governments, is the only safe way to proceed.

The literature that is available on the subject of privatization is extensive. General literature concerning the effects of privatization with respect to economics is the most prevalent. Literature that is based on the public safety, in particular ambulance service, is very sparse. An in depth study by Centaur Associates, illuminates the issue of alternative methods of providing fire protection, which might be used as a guide to ambulance service privatization. (Centaur 1986)

In the sections that follow, a more thorough analysis of privatization is presented followed by a short history as to why privatization has become a focal point in government goods and service provision. This will be followed by an examination of the issues presented by the literature that was examined. The literature will be used as the background for the research on the specific implications that might be encountered if contracting out of the City of Flint's ambulance service was pursued. The examination of literature is followed by a

section that includes specific data that pertain to the City of Flint ambulance program and its service area. The final section of this essay will attempt to tie the numerous implications together in a manner that will not produce a specific recommendation but will highlight the positive and negative impacts of a privatization move.

### What is Privatization?

Privatization, as a concept and as a political strategy, is altering the size, shape and perspective of public administration in the United States. The blurring of boundaries between the private and public sector has become commonplace in many states and localities. The actual meaning of privatization has also been stretched. The initial meaning that was found in dictionaries in 1983 referred to a change from public to private ownership. (Savas 1987) This definition is drastically different from Ruth Hoogland De Hoog's of 1984, that privatization was "Having public services delivered by other governments, jurisdictions or by private organizations instead of a units own". (DeHoog 1984) This definition allows out sourcing of services to be considered as privatization. The producer/deliverer need not be private at all. The only consideration is that they are outside of the unit that is being serviced.

The definition that Savas suggests, "the act of reducing the role of government or increasing the role of the private sector, in an activity or in the ownership of assets" appears to be a broad generalized definition that could include most privatization perspectives. Within this definition would most certainly be the definition of Paul Starr which referred to the shift of production from the public sector to the private sector while



provision responsibility remained with the governmental unit. (Starr 1987)  
It is this type of privatization to which this essay refers.

The idea of production that Starr alludes to must be clarified. A major difference is found when dealing with provision, the responsibility for a service to be provided, and production, the actual providing of a product or service. The control over a service and the commitment to see that it is provided is not given up by a government that contracts with a producer. The producer has a contract to produce the product but does not have the provision responsibilities of the government. To further clarify this point, assume a city contracts out police protection. The city is providing the service by contract through the firm producing the police protection. If the firm were to go bankrupt, the provision of the service is still the responsibility of the city. They must find a new producer of police protection.

#### Types of Alternatives:

When it is determined that privatization should be considered for a service, alternatives under the category of contracting out must be examined. It must again be noted that there are numerous alternatives for service delivery systems but the scope of this examination concerns only the contracting out options. Under these arrangements the provision of the service is the responsibility of the government. The government selects to provide the service by utilizing outside suppliers. Production of this service becomes the responsibility of the firm receiving the contract. Each of the options is discussed briefly.

Franchising normally occurs where economies of scale are prevalent.

A user of a franchised service would be billed directly for that service. The franchise is normally an efficient monopoly. If the case is that of a natural monopoly, the lowest price possible may be attained. A market situation in which the average costs of production continually decline with increased output is a natural monopoly. (Gwartney 1990) Operations with high fixed costs, such as utilities, lead to this efficient monopoly position. Additional producers would have to duplicate fixed cost expenditures to enter a limited market. Competition in this case would drive up the cost of the service. The role of the government in this type arrangement is that of a regulator. Much like the Public Service Commission, governments that have given out franchises generally regulate prices charged and monitor quality of service.

Subsidies are incentives of provision. They are not production allocations. Subsidies are incentives offered for the expansion of a service. In the area of public goods a subsidy might be put in place to guarantee the expansion of benefits to include those that are unable or not willing to pay for the services rendered. Direct government involvement would provide funds to private producers to include portions of the population that would have been excluded if the firm was operating on a pay for service system.

Various incentives are given to private enterprises to develop new industries or techniques. Incentives, often in the form of tax rebates, recruit industrial development and potential tax sources to states and municipalities. (Finley 1989)

The awarding of a contract to an outside supplier comes with stipulations. All firms bidding for the contract must meet standards of

quality and other conditions specific to the activity. Economic savings would not be savings if the contract was awarded to firms with different standards. "Given responsive and responsible bidders, contracting proponents assume that awards will usually be made to the lowest bidder," within specifications. (DeHoog 1984) In these cases the government's role should be one of monitoring and evaluating.

#### What Can Be Privatized?

Simply stated, private companies are in business for the money. The availability of profits is the prime consideration. If no profits are to be made, the privatization of a service or product would be highly unlikely. The class of goods known as public goods do not yield a profit to the provider. A brief discussion to clarify the nature of public and private goods follows.

Products and services that must be consumed jointly are called public goods. (Gwartney 1990) National defense, legal systems and environmental policy are examples of public goods. The ability to exclude nonpaying customers is the main determinate of public goods versus private goods. Environmental action that gives clean air to a paying group of citizens cannot keep the clean air from being consumed by any other citizens. The goods produced, clean air, cannot be divided so that only payers benefit from its availability.

The profit motive is absent in the public goods area when the consumers of the product cannot be billed directly for the product. In the private goods sector the direct consumer pays for the goods. The food that is bought is paid for by the consumer. If a public good is

made available to one individual it is made available to others. When it is apparent that the others, those that are non-payers, can consume the product without any expenditure, the incentive to purchase this product is removed. Without voluntary payment for the product or service these goods are not produced in the private marketplace.

This does not mean that the good is not wanted. The open market just cannot deal with public goods in the manner that it does private goods. Self-interest of the individual consumer tells him not to pay for goods that others consume freely. The private producer is given the signal not to produce when the goods are not purchased in the market. If the good is to be produced it must be done by public sector involvement.

#### Historical Perspectives:

The role of the government in the provision of services for the benefit of the public in the United States, and throughout the world, is a perplexing question. In this country the framers of the Constitution attempted to alleviate some of the debate by structuring this government as a federal democracy. This step aided in the division of powers between federal and state jurisdictions, but shed little light on the exact nature of services to be provided. As the world has developed industrially, culturally, technologically, and socially, the questions of what should be produced and who should be the producer have drawn much debate. (Hanrahan 1983)

In the United States the provision of goods and services by governments, for the public benefit, saw a dramatic rise in the depression era and again in the 1960's with the announcement of President Lyndon Johnson's Great Society. The provision of basic health care, housing and

Food became the responsibility of the federal government. Environmental and consumer protection activities arose that were adopted by different public agencies at various governmental levels. The demand for services seemed endless and the exact boundaries of government could not be drawn.

One impact of the expansion of services provided by government was felt by the public through increased taxes. The leading tax in the unpopularity contest has been the property tax. Market values of homes increased rapidly and tax bills soared. Owners' incomes often could not cover the rise in tax levels. Individuals on fixed incomes such as pensions or social security were extremely hard hit. (Rubin 1990) Citizens decided to fight back to limit the amount of taxes that could be imposed and change tax spending habits of representatives.

To support the citizens' protest against higher taxes, congress proposed legislation to limit the need for additional revenues. The Kemp-Roth Bill is a spending plan that was introduced to limit federal outlays to 18% of Gross National Product. Another more publicized spending bill, the Graham-Rudman Bill, set limits on the amount the federal government can spend. These bills and others introduced to curb spending, are seen as limits to the free spending of the federal government.

On the state level a direct attack on tax charges was imposed. The best known of the measures instituted was Proposition 13 in California. This legislation, which among other things, rolled back property tax levels to their 1975 rate, set the pace for tax cut provisions on the state level. Many states have either adapted tax cut proposals or placed ceilings on possible future tax increases. In Michigan the Headlee Amendment was passed. This measure calls for a cap on future taxes and a

rollback mechanism.

The local level has also seen an increase in tax awareness and activity to oppose increases. One area that is prominent on the local level has been the issue of millage elections for school systems. In an effort to produce efficiency in the use of property taxes already assessed for school districts and to control future expenditures, local citizens have rejected many millage requests. With controls on revenues and spending, the range of goods and services provided by government, from the local to federal level, had to be modified.

The election of President Ronald Reagan, in 1980, accelerated the process of contraction of federal government spending and service provision. The debate on which services should be the federal government's responsibility was renewed. Budget cuts on the federal level, with subsequent reductions in grants and subsidies to states and municipalities, have eliminated many activities performed by government agencies. Revenues received by state and local governments from private business taxes are also affected by the federal budget cuts. Contracts that had been performed by private industry have been curtailed. With a reduction in production within the private sector, a decrease in tax revenue is realized by the jurisdiction where the business is located.

#### Competition versus Monopoly:

Due to the contraction of federal spending and limitations on the revenues generated, many municipalities have turned to the privatization alternative. The traditional thought behind privatization is that the economic theory of competition will cause efficiencies not realized in

the public sector. "The real issue is not so much public versus private, it is monopoly versus competition" (Savas 1987). The competitive model of private enterprise has as its goal profit maximization. The process of competition is based on a number of suppliers bidding to provide a product. Efficiency is the determining factor that controls the level of bidding. The most efficient private firms will minimize costs to earn a normal profit. If they receive the contract they maximize the utility of the taxpayers' dollars. The monopoly that is often held by public sector services, may not be as concerned with the utility of tax dollars. Louis DeAlessi suggests that government employees do not try to maximize the tax dollar benefits. These employees attempt to pave their way to higher positions and maximize their own self worth. (DeAlessi 1987) This monopolistic style of service production requires a high tax level to provide funds for inefficient service. There is no competitor to offer lower costs and prices. Additional tax dollars may not be needed if the dollars already assessed are used efficiently. At the forefront of privatization is a strong impetus toward efficient use of these tax dollars and the maintenance of profitable contracts.

#### Factors To Consider:

The literature review that was conducted on the topic revealed major implications that need to be examined before any privatization effort is undertaken.

These implications can be classified as;

1.) Economic effects, specifically cost savings to the government, jobs lost or gained, competitive efficiency versus monopoly, and the level of employee benefits in the form of wages and fringe packages

2.) Increased social costs incurred dealing with affirmative action, loss of public control of the service, monitoring environmental concerns and various other social aspects

3.) Legal ramifications which must be considered when changing from a public sector to private sector provider

4.) Union and Labor considerations and the presence of a collective bargaining agreement, negotiations must be held for economic issues as well as changes in provision of the service

5.) Quality of service standards and monitoring of performance questions

6.) Political issues to consider with any privatization move.

Each of these must be looked at by agencies contemplating a privatization move. A general background must be established before specifics relating to the current focus can be examined.

#### Economics:

The single most discussed reason for privatization is the idea that the service can be provided by someone else for less. In some cases municipal savings by privatization have been found to range from 25% to 94% over the length of a contract (Moore 38). The type of service, e.g. sanitation, personnel, public works, and the economic environment of the jurisdiction dictate the amount of savings. As of 1987 the most widely used form of privatization was contracting out of services. "Numerous studies have established that by contracting out cities and counties typically have slashed the cost of municipal services between twenty and fifty percent." (Dudek 1988) To be more specific, at least 80% of all



contracting out provided at least a 10% savings for the agency. The government that is considering a privatization move must consider the source of these savings. One of these sources concerns the economic effect that a move to a different producer would have on the current workers.

The most opposition to the act of privatization pertains to the economics of the labor force. The literature deals heavily with comparables of wage and fringe benefits for workers that perform the same job but in different sectors. The most comprehensive of these works is a two part study performed by Dudek and Company for the National Commission for Employment. (Dudek 1988, 1989) The concerns for the labor force are addressed in the areas of jobs, wages, and fringe benefits.

#### Jobs:

In the area of jobs lost to the private sector, current workers' welfare must be considered. During the period between 1980-1988, 1.5 million public sector jobs were lost to the private sector. (Dudek 1989) Direct jobs, those jobs that replaced public sector positions, were found to employ only 80 to 90% of the numbers employed by the former public service employer. The most common practice is for private concerns to absorb some of the public sector workers. In the study by Dudek it was found that 58% of the displaced workers went to private sector providers. The percentage of individuals laid off generally fell between the 5 to 10 percent level. Attrition within targeted services has been found to curtail the number of employees with whom arrangements must be made. (Dudek 1988) For those individuals that are laid off, unemployment and public assistance is often available but often not utilized. Some

individuals prefer to take early retirements, buyouts or severance pay, if offered. Those individuals that do receive assistance account for less than .5% of the savings generated by the privatization move.

Wages and Fringes:

After the lost jobs issue is addressed, the debate on wages and fringe benefits is usually not far behind. Wage disparities vary from one half the public sector rate to rates that exceed similar public sector position rates. (Dudek 1988) Studies found that private sector skilled individuals were commonly paid at a rate equal to or above public sector rates. Persons that were considered unskilled could expect to receive a lower wage.

In a study conducted by Touche Ross and the International City Management Association, it was found that the largest discrepancy was not in direct wage payments but in fringe benefits. "Any disparity in wages between government agencies and private contractors is likely to be widened when benefits are included in the calculations" (Ross 1987). The study states that retirement contributions from federal sources were 28% of the base, whereas the average in the private sector was only 18% of base.

Other Economic Factors:

State and local payroll spending accounts for nearly 53% of these budgets each year. (Donahue 1989) A reduction in these expenditures may free monies for other needed services. It could also be the case that private providers that locate within the jurisdiction will provide another source of funds. These businesses may have to pay property and

sales taxes as well as licensing or permit fees. This can be seen as a revenue source that could provide additional benefits to the community.

It has been found that cities that utilize contracting of services have tax rates that are lower. (Sonenblum 1977) Tax cuts have been provided in some jurisdictions that have contracted services out.

#### Social Costs:

Another area that must be addressed by the contracting jurisdiction is social accountability. Only 2/5 of the citizens within any jurisdiction realize who is providing the contract services. (Sonenblum 1977) Within a democratic government it is generally believed that the public can appeal directly to its elected representatives when there is a problem with public provided services. (Hanrahan 1983) If a service is produced by a private provider, a certain amount of control is transferred from the elected representatives to the private firm. Contracts that are made with private producers must have accountability provisions.

One area within the accountability provisions must be an agreement on the make-up of the work force. Governments in large cities employ up to two times the number of minorities that the private sector employs. (Paschal 1981) Privatization of certain public sector services may curtail an avenue of social and economic mobility that was only discovered in the 1960's and 70's. (Suggs 1986) A study by the Joint Center for Political Studies, lists several consequences of alternative delivery systems at the federal level.

1.) Blacks are more vulnerable to the adverse consequences of privatization

2.) Hispanics are not impacted disproportionately

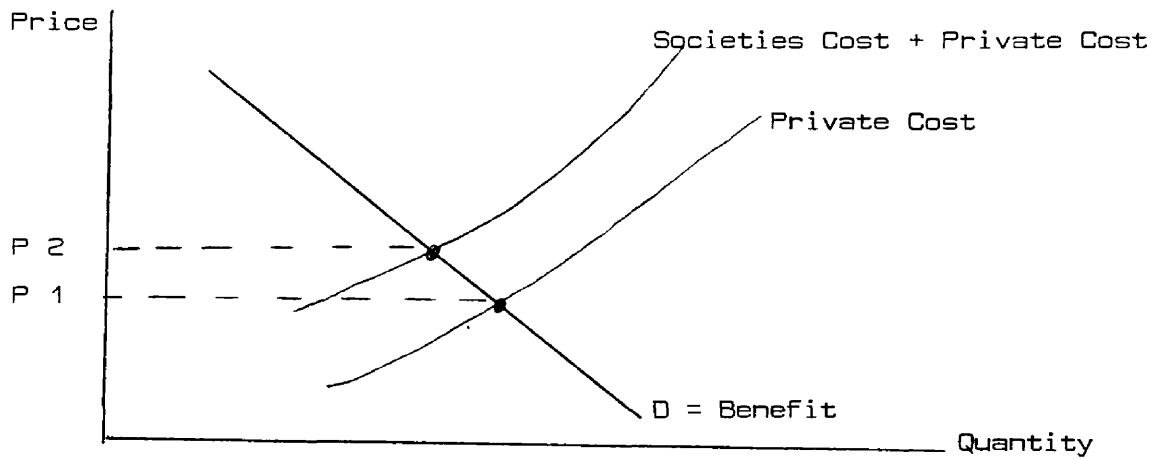
3.) Black employment in high skill managerial and professional positions is impacted

4.) The impact is not disproportional but the percentage of blacks in management is reduced

5.) Blacks remained in the same type of jobs after privatization. It was suggested by the Joint Center for Political Studies that minority firms be ensured of consideration for city and other governmental contracts. (Joint Center 1985)

Also under the accountability banner are numerous other social standards. Firms should measure up to the standards of the jurisdiction in which they are providing a service. Standards in hiring, firing, wages, safety and environmental must all be maintained. (Starr 1987) The best by cost comparison might not be the best if social cost is added into the equation.

Figure 1



Source: Gwartney, James D., Macroeconomics: Private and Public Choice p. 439.

In figure one P1 is the price that a government might be contracting for at the net benefit level. When social costs are figured into the supply curve achieved by the private cost, a social cost curve is developed. It is readily apparent that the second price P2 is above the cost that the private producer would charge if social costs were not considered.

Legal Considerations:

Privatization would dramatically change the legal rights and obligations of both employees and employers. (IAFF 1989) The change from governmental to private production would be directly impacted by federal law. Under federal law Congress has relieved state and local government employees from many obligations that are applicable to private employees. Some examples of these obligations are discussed below.

Section 2 (2) of the National Labor Relations Act (NLRA), 29 U.S.C. Sec. 152(2), excludes "state(s) or political subdivisions thereof" from

its definition of "employer". State and local governments are therefore exempt from the obligations imposed on private employers by the NLRA.

The Supreme Court has approved two classes of "political subdivisions" as interpreted by the NLRB. The two classes are either "1) created directly by the state, so as to constitute departments or administrative arms of the government or 2) administered by individuals who are responsible to public officials or to the general electorate." (NLRB 1971)

In almost any case of privatization the public entity would relinquish the title of "employer" to the private contractor. Without economic control the government provided service that is produced by a private supplier would lose the exempt status under the NLRA.

The NLRA provides employees with a number of rights that could be contrary to state or local laws. "Unlike laws in many states, under the NLRA - - - workers have the right to bargain collectively, require the employer to negotiate in good faith over the terms and conditions of employment (including wages and fringe benefits) and enter into collective bargaining agreements regarding these subjects." (IAFF 1989) Perhaps the more important consideration for agencies contemplating a privatization move is the right, under the NLRA, to engage in peaceful economic or unfair labor practice strikes. These rights are protected by the National Labor Relations Board and are enforceable in Federal Court.

Actions that employees take under the protection of the NLRA preempts state and local government regulations and statutes. A government that contracts out, would have no control over a strike by a

service provider from the private sector. The right to strike by these employees could present consequences that would be disastrous for a community. In many states, including Michigan, public safety workers, police, fire and emergency medical services, that are employed by local governments, have access to compulsory arbitration of labor disputes. Vital services are not interrupted due to the lack of a contract or because of labor disputes.

The 1985 amendments to the Fair Labor Standards Act (FLSA) must also be considered by governments. Both private and public employees are covered under the FLSA; however public employers are able to utilize a number of exemptions not available to their private counterparts.

A major exemption for public employers concerns the general 40-hour per week overtime standard. Private suppliers are required to pay overtime for employees that work over forty hours per week. Public sector services do not have to pay overtime to certain services until a much higher hour total is achieved. (Firefighters under local control may work fifty-three hours without overtime.)

A third federal labor law that differs from the private to public sectors is the Occupational Safety and Health Act. The standards of this act are enforceable for all private employers. Non-compliance with OSHA regulations can lead to fines for the offender.

Also to be considered must be the issue of tort liability. "A tort is a civil wrong, other than a breach of contract, committed against a person or property for which a court provides a remedy in the form of an action for damages." (Pozgar 1990) In the past, government units have

gained some protection from liability litigation by using the doctrine of sovereign immunity. This doctrine gives immunity to the entity for most policy decisions. (IAFF 1989) In recent court cases immunity from adverse judgements has not been granted to most local governments in the area of negligent actions. Unlike the area of policy decisions, negligence action can be brought when accepted standards of performance are not met. The question of liability for the actions of a contracted firm must be researched by each jurisdiction.

#### Union and Labor Effects:

With any privatization attempt the status of the current workers must be taken into account. (Dudek 1988) Privatization has been most successful in cases where initial decisions illuminated current workers' prerogatives. In areas of high unionization, negotiations for workers have curtailed the amount of privatization.

The geographic area that the potential service is to serve will make an important difference when the issue of union opposition arises. If the effort is to be made in the heavily unionized North, the efforts of the union could cause failure of the program if it ever got started. Efforts in the South and West have been much more successful due to the lack of opposition by organized labor. (Centaur 1986)

In the field of Emergency Medical Services, the union opposition may be just in its infancy. The International Association of Fire Fighters (IAFF) held a meeting in May 1991 to discuss the organization efforts within the EMS service. (International 1991) The feeling of a natural link between EMS and fire rescue has been cited as a reason to



expand the IAFF to include ambulance personnel. Most of the individuals that comprise the membership of the IAFF are first aid certified and many are dual classified as professional fire fighters and registered EMS personnel.

Much of the meeting that was held in Miami concerned the increase in demand for EMS programs. It is generally accepted that the per capita expenditure for fire protection has leveled off and even decreased in many areas. At the same time EMS requests have increased dramatically. The IAFF sees the expansion of union coverage to include EMS personnel as a means of maintaining and possibly increasing their numbers.

#### Quality and Monitoring:

When a service is provided by the public sector the owners of the service are the taxpayers. (Donahue 1989) Public sector managers are the individuals responsible for the efficient use of taxpayers' dollars. If a privatization effort is made a dual monitoring of quality and efficiency should be functioning.

Specifications within contracts must be monitored by the management of the private concern and the public agency. The quality of a service must be maintained if true cost savings are to be realized. Measurement and evaluation of services provided must be a continual effort of the contracting agency. Contracts must be monitored and provisions for the termination of contracts must be included in any contracts made. (Hanrahan 1983)

The quality of the service providers themselves should be examined. In many cases the employees of private concerns must have more permits

or licenses than their public sector counterparts. The quality of the training received by all personnel involved in a privatization effort should also be examined.

It may be found that private sector employees are managed in a different manner than public sector employees. Civil Service regulation in the public sector may cause lower quality individuals to be retained on the job. (Donahue 1989) Private managers have more control over the hiring and firing practices within their organizations.

#### Political Issues:

When privatization of services occurs, the direct line between the politician and the service provider is often terminated. This will lessen the political control of the service provided. The accountability issue becomes a hurdle that must be eliminated. The public complains to their elected officials. These officials must have a place to direct these complaints to.

A major difficulty with privatization is keeping politics out of the contract and the bidding process. Over one-fifth of all contracts awarded to private firms are not competitive. Many of these are open ended or politically sensitive. (Hanrahan 21) Favours are returned in a legal but morally sensitive manner. A further step might lead to illegal activities and corruption. Illegal activities have occurred in contracts between public and private concerns throughout American history.

(Moe 1987)

#### Research Focus:

This project examines the points that were brought up by the

literature. The questions that are presented in prior research are adapted to the situation of the City of Flint Ambulance Service. The unique and situational aspects of the delivery of this service is thoroughly explored. A brief history and an overview of present services enlighten the reader as to the operation of the ambulance service in the City of Flint.

#### History of EMS in Flint:

Emergency medical services, on a national level, began to expand in the mid-1970's. With the realization that pre-hospital care needed to be upgraded came a push for better services. The traditional load and go ambulance provided by the local funeral director was seen as out dated. In its place professional EMS personnel trained in first aid, oxygen therapy and diagnostic signs were introduced. Progressive jurisdictions throughout the country modernized ambulance fleets and equipment.

The City of Flint, had an outdated, privately provided system that was lacking in quality and professionalism. The private providers lacked competition and attempted to provide services with the least amount of overhead costs. According to administrators within the Flint Fire Department, a major reason for the establishment of a public service was that service to certain areas of the city was extremely slow or even nonexistent. Services that were provided often lacked the quality that professional medical personnel should provide.

In September of 1977, the City established an ambulance service and began to regulate the private firms that were allowed to operate within the city. The new service, a division of the fire department, was

geographically dispersed to allow for total city coverage. Employees were hired under the Comprehensive Employment and Training Act (CETA). These were federal government dollars at work. The employees were trained above state requirements and equipment was up to date and well cared for. Soon, this public service was being called to the majority of all incidents where ambulance service was needed within the city.

On the state level, regulations were passed to increase professionalism throughout the entire ambulance system. Many services folded when costs of updating equipment and properly training employees became too expensive. Within Genesee County, new firms were established that provided quality equipment and professional employees from the private sector. Both the private and public sectors came under the direction of a medical control board that governs the entire county system. This board established minimum standards of care for all service providers. The same board is responsible for today's protocols concerning patient care, training and equipment.

#### Current Status of the County System:

A brief overview of the current network of agencies that provide comprehensive medical care to the people of Flint and Genesee County will inform those not familiar with the system of its complexity. The coordination and cooperation of the many different agencies allow the pre-hospital Emergency Medical Services (EMS) system to operate efficiently and effectively. The Genesee County Medical Control Protocols are the rules governing this system. (Genesee 1991)

The state agency with overall authority and responsibility for

pre-hospital EMS activities is the Michigan Department of Public Health - Division of Emergency Service (MDPH-EMS). MDPH-EMS's primary responsibility is the enforcement of state laws and administrative rules and regulations as they pertain to the pre-hospital EMS system. This authority is based on Act 179 of the Public Acts of 1990 which is the most recent revision of the EMS legislation.

At the local level, administrative functions related to the pre-hospital EMS system are carried out by the Genesee County Medical Control Board (GCMCB) which is organized as a committee of the Greater Flint Area Hospital Assembly (GFAHA). The GCMCB is made up of an Emergency Department Nurse Manager and an Emergency Department physician from each of the participating Genesee County hospitals. Additional members include a hospital pharmacist, an officer representing the Flint Fire Department, a Paramedic representing the Genesee County Sheriff's Department - Paramedic Division, a Basic Emergency Medical Technician (EMT) representing the Basic Life Support (BLS) ambulance services of Genesee County, and the Project Medical Director (PMD). The PMD is a local physician, presently Dr. John Walker of Hurley Medical Center, designated by the GCMCB and approved by MDPH-EMS to oversee the local EMS system and to report back to both agencies. The GCMCB's primary functions are to develop and implement local treatment protocols for pre-hospital EMS personnel and to develop and implement a Quality Assurance program. The GCMCB reports to the GFAHA Administrative Council.

Protocols developed by the GCMCB are in effect for all levels of

service within the county. The most basic type of service which is provided by some fire departments in Genesee County is that of a Medical First Responder. (Table 1) In areas that are not served by a local ambulance service or as a back-up to an ambulance service that is temporarily unavailable, these fire departments respond to areas within their jurisdiction to provide emergency medical care. Fire department personnel acting in a dual capacity of firefighter and Medical First Responder, may have training at one of many different levels, Medical First Responder, Basic EMT, EMT-Specialist, or EMT-Paramedic. But normally they only provide basic, supportive care until an ambulance arrives to relieve them and transport the patient to the hospital.

A similar service that is provided by Genesee County fire departments is that of rescue and extrication. Use of the "Jaws of Life" and other related equipment to free trapped victims of automobile accidents has traditionally been the responsibility of the fire departments in Genesee County.

The next tier of services within the pre-hospital EMS system is that of transporting Basic Life Support (BLS) services. These services are provided by six paid services, Swartz, Davison Area, LifeLine/Grand Blanc, Hudson Pulse, and Flint Fire Department; three volunteer services, Goodrich, Kearsley-Genesee, and DVA-Swartz Creek; and one combined paid/volunteer service, C-M Ambulance. As with the Medical First Responder units, BLS ambulances may be staffed with personnel at any level of EMT licensure, although Basic EMT is the most common level of training, and a Basic EMT is the minimum level of EMT that must be in the patient

TABLE 1  
 •  
 TYPES OF EMS SYSTEMS

Type of Service	Provider	Responsibilities of Service Level
1.) First Responder	Many fire departments	1.) Basic bandaging, splinting and monitoring 2.) Cardio pulmonary resuscitation 3.) Basic airway management
2.) Basic Life Support	All ambulance services in Genesee County	1.) All duties of first responders 2.) Obtain complete set of vital signs including blood pressure 3.) Oxygen administration
3.) Advanced Life Support	City of Flint Fire Genesee County Sheriff's Department	1.) All duties of basic life support service 2.) Advanced airway support 3.) Cardiac monitoring and defibrillation 4.) Administration of medication and intravenous fluids

Source: Genesee County Medical Control Protocols, 1991 revised edition.

compartment while treating and transporting a patient. No matter how advanced the level of licensure, however, the EMT on a BLS ambulance may not provide care or perform procedures beyond the level of a Basic EMT. The level of care provided by a Basic EMT includes basic splinting and bandaging, supportive care of medical emergencies, cardio-pulmonary resuscitation and administration of oxygen.

The last tier of agencies in the pre-hospital EMS system are the Advanced Life Support (ALS) services. In Genesee County, the only two agencies approved to provide ALS services are the Flint Fire Department and the Genesee County Sheriff's Department - Paramedic Division. Both agencies provide ALS services through the use of Paramedic-staffed non-transporting vehicles (referred to as "E-Units"). The Paramedics staffing the E-Units provide the same care as Basic EMT's but, in addition, give advanced airway support, cardiac monitoring and defibrillation, and administration of medication and intravenous fluids. These E-Units respond to the scene of the emergency or, if unable to reach the scene in a timely manner, intercept the transporting BLS ambulance enroute to the hospital. The Paramedic then evaluates the patient's condition and, following the pre-determined treatment protocols and/or obtaining instructions from the Emergency Department physician at the receiving hospital, makes a determination as to whether the patient requires ALS treatment or, instead, needs only to be transported to the hospital by the BLS ambulance personnel. If it is deemed necessary for ALS procedures to be initiated, the Paramedic will obtain the necessary equipment from the E-Unit and will accompany the



patient during transportation to the hospital by the BLS ambulance. Should ALS procedures not be required, the patient is transported by the BLS ambulance with only the Basic EMT's in attendance.

This has been a brief overview of the pre-hospital Emergency Medical Services system in Flint/Genesee County. For the purposes of this project, the focus is on the EMS activities of the Flint Fire Department, which is the only agency in this area to provide both Basic Life Support and Advanced Life Support services.

#### Current Status of the City of Flint Service:

While serving as the focus of this project it must be emphasized that the City of Flint ambulance service is just one agency that is a part of the total EMS system. Ordinarily Flint Fire Department ambulances would respond to emergencies within the Flint city limits but requests for mutual aid to communities both in Genesee County and beyond are regular occurrences. The population of Flint is the service's primary focus; however a much narrower section of the public is served on a routine basis. The majority of the public that is covered by the service never or seldom has the need for it. The probability of using the service can be related to the demographic characteristics and geographic location of the individual.

A disproportionate number of EMS calls (as well as police and fire calls) originate from certain areas, most notably areas north of the Flint River. Primary data obtained from Flint Fire Department records indicate that 74% of 300 medical calls analyzed for the month of June, 1989 originated in the area north of the Flint River. (Figure 2) Of 300 runs

surveyed from January, 1990, 81% were located in the same areas north of the Flint River. (Figure 3) A vast majority of runs in both of these months, 64% and 68% respectively, were located in a narrow corridor which has Martin Luther King, Jr. Boulevard as its centerline. This area is characterized by its primarily minority and less affluent neighborhoods. The EMS needs of this area are much higher than for other areas of the city and this fact needs to be kept in mind when planning new services or deciding on changes in current service delivery.

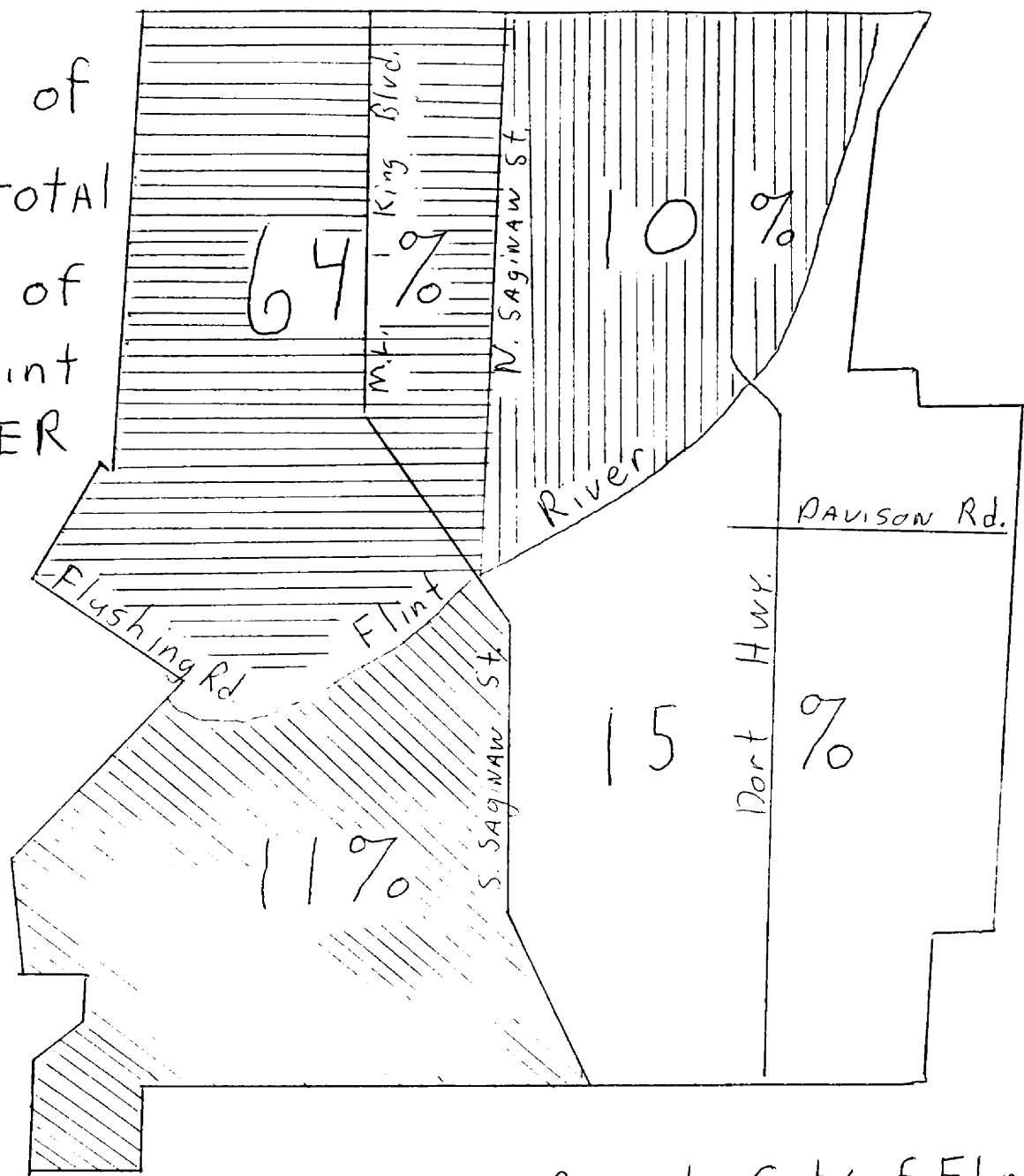
The current alignment of ambulance base locations reflects the need for an increased presence of EMS personnel in the north-river area. Service is provided to the city by the FFD using three basic transporting ambulances and one advanced life support non-transporting vehicle. Two of the basic units are located in the highest activity area. The advanced unit is located at a central base to permit movement in any direction.

Base stations are city fire stations that also house fire apparatus. All personnel that provide EMS from ambulance or paramedic vehicles manned by city employees are dual classification employees. All are trained professional firefighters as well as professional EMS personnel. The knowledge of rescue and extrication, along with the availability of the fire equipment, supplement the EMS system.

The workers in the EMS vehicles share the station and duties of their fire fighting co-workers. A system has been devised in which sixty-five individuals are eligible to be placed on the EMS vehicles on a rotating basis. If not assigned the EMS service for the duty day, an

# FIGURE 2 EMS RUN LOCATION JUNE 1989

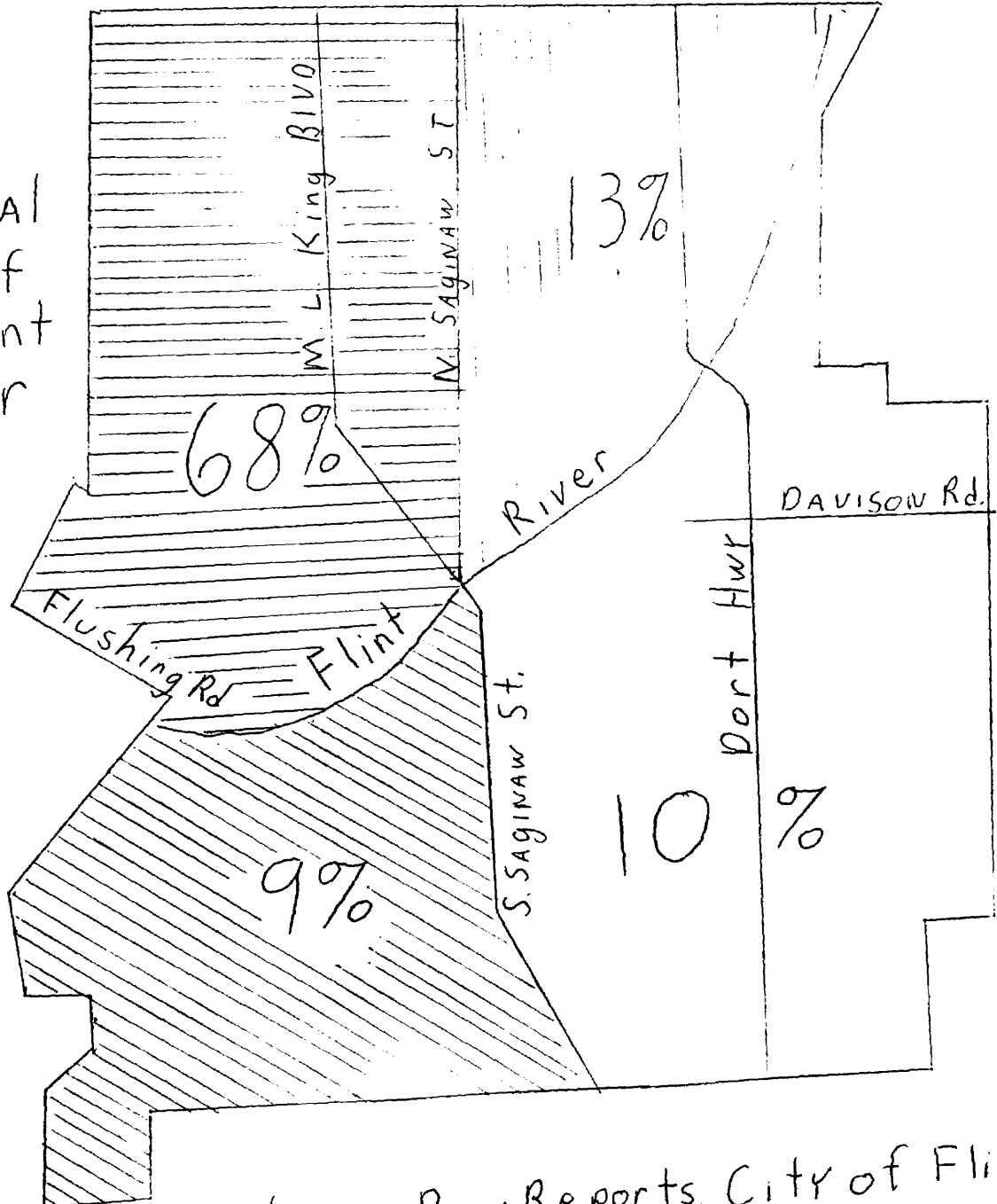
74% of  
RUN total  
North of  
the Flint  
RIVER



SOURCE: Ambulance Run Reports, City of Flint.

# FIGURE 3 EMS RUN LOCATION JANUARY 1990

81% of  
run total  
North of  
the Flint  
River



SOURCE: Ambulance Run Reports, City of Flint.

employee functions as a firefighter for the twenty-four hour shift that meets every third day. Allowing one day off from the rotation per month, gives a total of 50.4 hours worked per week. As was stated earlier, the municipality does not have to pay overtime for the additional time worked over forty hours per week. Overtime is only received by working over the 50.4 hour scheduled duty.

Revenue Sources:

To pay for the wages, equipment and other expenditures incurred by the ambulance service, over two million dollars must be provided each year. Revenue for the service is generated in three primary ways:

1) Tax revenues received by the city and dispensed from its general fund account, through allocations to the fire department comprise the majority of EMS dollars. 2) Additional money is received in tax dollars that are received through a special millage request for Flint and Genesee County. 3) The last source of funds comes from the users of both BLS and ALS services. These individuals, or their health insurance companies, are billed to help defray the cost of the EMS service. Each of these sources is explained below.

Provision of tax revenues from a pre-hospital care millage was first proposed and voted upon in 1980. This original proposal was defeated. A primary reason for the defeat was that the original proposal called for all funds from the special millage to be given to the county for its program. City employees and administrators actively opposed the issue. When the proposal was rewritten to allow for an allocation method that gave nearly half the money received to the city,

the millage was supported and passed easily. The millage was last voted on in 1990 and is currently approved for five years. Funds, totaling slightly over \$2 million in 1990, were distributed based on property evaluations within the city and county. At the current time, the county receives approximately 65% of the funds and the city receives the other 35%.

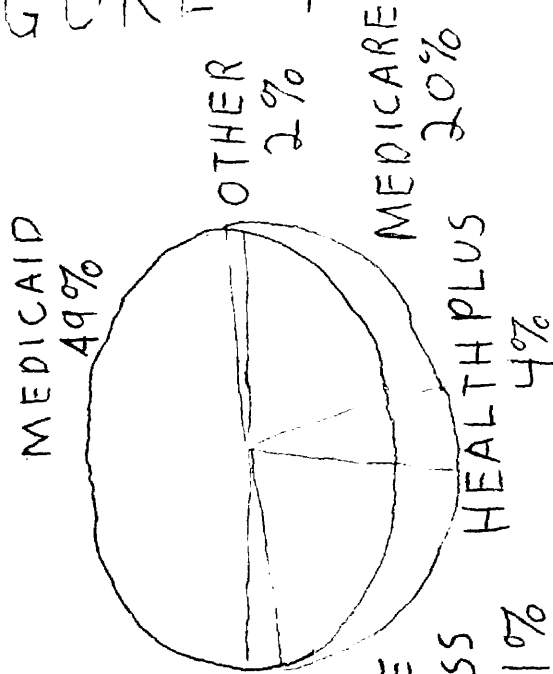
Receipts for services rendered ranks third as a funding source for the City of Flint Ambulance program. On average, 96% of the patients that are served have some type of insurance. This does not mean that the program gets the vast majority of its bills paid in full. A primary reason for this is that most of the patient base, ranging from 65% to 75%, is on some type of assistance insurance. (Figure 4) This insurance, in the form of Medicaid or Medicare, does not cover the full payment for services rendered. In the case of private insurers, such as Blue Cross or Health Plus, specific contract language may or may not provide coverage for ambulance runs or procedures done in the field. Ambulance bills ranged from \$96 to \$156 in January 1990. In June of 1989, the range was \$89 to \$156. The average bill for these time periods was \$112. Total billings for a six-month period were \$376,611. Of this figure, only \$173,246, or 46%, has been collected. It can be readily deduced that a service relying on receipts would quickly develop financial problems.

In the City of Flint, the balance required to keep the \$2 million a year program running comes from the general fund. Expenses for a typical six-month period are in the \$1 million range. If receipts of

# INSURANCE COVERAGE

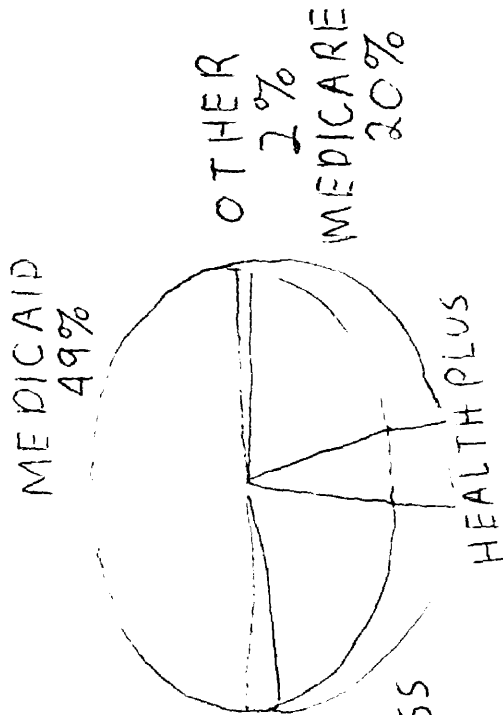
Based on 300 samples

FIGURE 4



JUNE

1989



JANUARY

1990

SOURCE: City of Flint, Ambulance Row Reports.

\$173,000 and millage dollars of \$450,000 are subtracted, the balance of \$440,000 is left to be covered by other means. Normally, this means general fund dollars. Tax dollars generated by the City of Flint furnish nearly 50% of the funding for the pre-hospital program within the city.

Service Expenditures:

The costs incurred by the service are examined below. Some costs that are allocated to the ambulance program have ties to fire department operations and cannot be separated completely. This causes some blurring of exact budget lines.

Wages and Fringe Benefits: The wages and fringe benefits of the service provider consume over 72% of the budget annually. In addition, dollars allocated for communications, training, apparatus upkeep and administration all have a portion that go to wages for individuals providing these services. (Figure 5) It is quite possible that some of these positions, those partially funded by EMS dollars, would still exist within the fire department if the ambulance service were terminated.

Equipment and Supplies: The main accounts attributable to the ambulance service in their entirety are the equipment and supplier accounts.

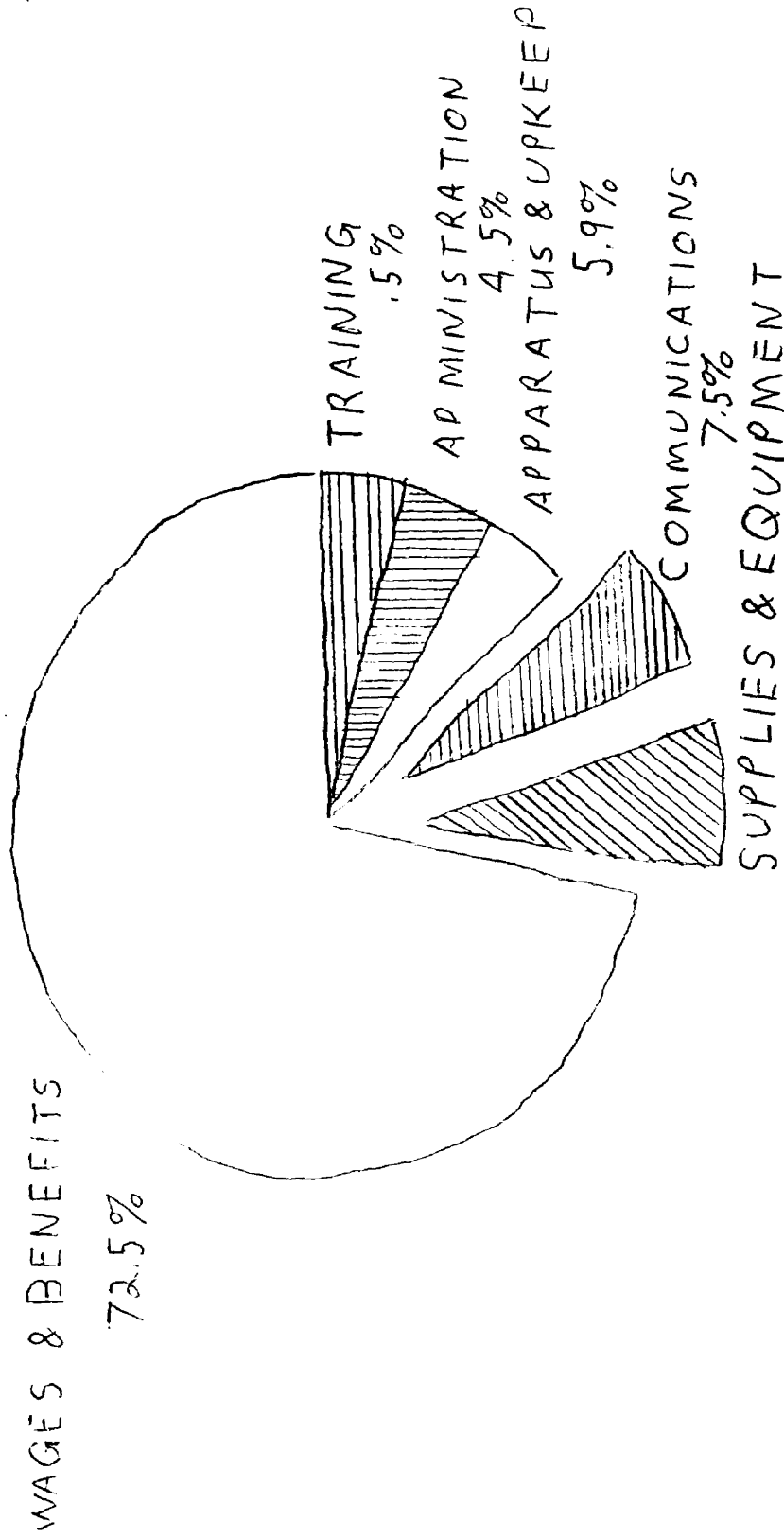
When examining EMS equipment expenditures, the first major expenditure that comes to mind is the ambulance vehicle itself. While the purchase of ambulances (along with their maintenance and upkeep and other associated expenses) represents a large investment in the program, additional essential equipment is also necessary to meet the requirements for the EMS program. The maintenance and procurement of apparatus in the FFD is currently budgeted at \$121,859 or 5.9% of the \$2 million plus



# AMBULANCE BUDGET CITY OF FLINT

1991

## FIGURE 5



ROUNDED TO NEAREST % SOURCE: Ambulance Run Reports, City of Flint, 86

budget. (Budget figures of six months ending December 31, 1990.) This figure is surpassed by the allocation for supplies and equipment, which at \$196,891, represents a full 9% of the budget. Emergency medical care equipment (bandaging and splinting supplies, oxygen delivery devices, specialized patient packaging and transportation equipment, etc.) as well as radio communications equipment is mandatory for each ambulance in the fire department's fleet. Specialized rescue equipment is also available for use.

The EMS program that is provided by the fire department is not a state mandated service. The service could be altered or discontinued at any time. This service can be provided by the private sector and often is. For the EMS program to survive, political influences must be considered. The survival of the system is dependent upon funding and support that is at the discretion of individuals with political influence. The Mayor, City Council, Fire Chief and other concerned civic leaders can, either individually or as a group, alter the future of the EMS program in Flint. Additional political influence can be felt through the regulatory bodies of the county and the state. Additional protocols and regulations are often adopted to conform to the practices that are supported by different board members.

#### Methodology:

The literature that was reviewed on the topic of privatization revealed criteria that can be used to make hypotheses about the implications that could be encountered in the privatization of the City of Flint ambulance service. Some of the areas that are to be examined

can be analyzed by using comparative data from the City of Flint and private services that are functioning and have functioned in the City. A service from the private sector, Trans Med EMS of Saginaw, that was the primary support service utilized when additional ambulance services were needed, will be used as comparison for some criteria. Trans Med EMS, a division of Seton Health Systems, provided service to the Flint area for several years, ending its service in the area during the summer of 1991. Service is still provided by Trans Med EMS in the City of Saginaw, Michigan and several Michigan counties.

In addition to these comparisons, interviews with experts in the field are utilized to clarify implications of labor and legal issues. Data obtained from fire department records is reviewed to present current situations and suggest possible implications in the areas of quality of service and minority affect.

Hypotheses to be Considered:

Although there are numerous other considerations that are not covered in this research, the literature points to several implications that are prominent. Hypotheses to suggest possible findings in each of these areas are listed below.

1.) The wage rate and fringe benefit packages offered to private sector EMS personnel would be lower than that received by comparable public sector personnel

2.) Competition in the private sector would create efficiencies not utilized in the public sector

3.) Due to competitive pressures the qualifications of individuals

providing EMS service in the private sector are higher than their public counterparts

4.) The quality of service provided by competitive private sector firms is higher than that produced by public employees

5.) The impact of privatization on minorities would not be disproportionate in relation to the non-minorities affected

6.) Consideration of labor agreements and union opposition will be major obstacles

7.) Legal questions will arise that must be researched by the government considering the privatization move

8.) Political implications will need to be addressed to satisfy those directly and indirectly affected.

Each of these hypotheses is considered in the section that follows. The procedure used to examine each hypothesis is briefly discussed.

#### Examination of Hypotheses:

1.) An important point contained in the literature concerned the disparity between the wage and fringe benefit packages found in the public and private sectors. Each of these areas are examined as they relate to the Flint Fire Department and Trans Med. A comparison of each area illustrates the possible changes if privatization were to occur.

2.) Competition is pointed to by the literature as a means to create efficiency. An analysis of the design of the system and the availability of competition suggests the effect of a competitive system. As competition is based on the prospect of a normal profit, reimbursement levels are examined.

3.) The qualifications of individuals providing the service in both the private and public sectors are compared. In cases of limited price competition, the quality of the service would be an important factor to consider.

4.) An ambulance service is only efficient if the response times that were achieved by the public provider are compared to desired standards. Private sector standards and response procedures are examined to see if a social benefit might be achieved.

5.) Data are analyzed that indicate the number of minority individuals directly affected within the Flint Fire Department. Information obtained from Trans Med is compared to that of the FFD to illustrate the minority composition of both the public and private services.

6.) The literature points to the opposition of unions as a major hurdle. Research concerning the collective bargaining agreement between the City of Flint and the fire department union is presented. Specific labor implications are examined. A professional's view is utilized to complete the research.

7.) Legal questions that might be encountered by the City are discussed with a medical-legal authority. The impact of specific laws and doctrines is reviewed as it concerns this privatization move.

8.) The issues of control and politics are important considerations. Politics that deal with the millage issue and the EMS system in Flint and Genesee County are examined.

Analysis:

The analysis of the material discussed has been broken into seven major headings. Below each of these are sub-headings under that general topic. Influences under one category often directly affect other areas. It must be emphasized that these topics are guideposts and other matters that would affect a privatization effort might also be considered.

### Wage and Fringe Benefit Comparisons:

Comparisons of the wage and benefit packages that are currently in place at the City of Flint Fire Department (FFD) and Trans Med-EMS of Saginaw, (Trans Med) illustrate the differences that are found between some public and private ambulance providers. Although Trans Med is the private service that is examined, information concerning other private suppliers of ambulance service is interjected where appropriate and available. Table 2 lists the benefits and their applicability. Each of these areas are elaborated upon further.

Wages: The wage rate that is received by employees of the FFD takes into account the dual qualifications of the individuals. The wage rate that is paid to new employees is \$8.69 per hour. The individual receives this wage irrespective of his/her qualifications. Often the city hires employees that have already obtained state fire fighters' training certificates or advanced life support training. It is anticipated that all new employees will complete fire fighters' training and become basic emergency medical technicians within one year of their hire-in date.

It is significant that training and a probationary period are completed by the end of the first year of employment. Wage rates in the FFD are based upon service time and seniority. The rate is escalated in each of the first five years of service. Currently, as of July 1, 1991, the wage rate of \$12.97 is the rate to be expected at the beginning of an employee's fifth year of service. A higher wage rate of approximately fifty cents per hour is obtained by individuals that are assigned the position of driver on the ambulance.

TABLE 2  
 COMPARISON OF WAGE AND FRINGE BENEFITS  
 PRIVATE VERSUS PRIVATE

Benefit	Service Provider	
	Flint Fire	Trans Med-EMS
Wage rate	\$8.69 - - - \$12.97 <sup>a</sup>	\$5.02-\$6.60 BLS \$7.86-\$10.05 ALS <sup>b</sup>
Work week	50.4	56
Overtime	Over 50.4	Over 40
Holidays	7	6
Fringe % of base	79%	19%
Life insurance	1 x base rate of a 5 yr. fireman	1 x the current base of the individual
Pension	15 yr. vested rights	5 yr. vested rights
Social Security	None	Participant
Health insurance	Option of companies	Blue Cross/Blue Shield
Vision	Limited coverage	Option of limited policy of dental or vision
Dental	Complete policy	
Education	\$200 per year	\$1000 per year
Uniforms	Department allowance	Allowance then open exchange when damaged
Vacation days	By seniority 11.5 hours per pay	Combination of vacation and sick days makes compensated time off 2 weeks after 1 year, 3 weeks after 2 years
Sick days	6 hours per pay	



Sources: Bargaining Agreement Between the City of Flint, Michigan and Local 352 IAFF 1991 revised edition.

<sup>a</sup>This information obtained from revised pay schedules of the Flint Fire Department July 1, 1991.

<sup>b</sup>Information concerning Trans Med EMS obtained through a personal interview with Don DeWitt, Director of Ambulance Services, Seton Corporation on September 21, 1991.

This study includes wage rates up to the fifth year for ambulance personnel in the FFD. Wage rates after this seniority level often reflect premium pay for additional responsibility, officer, or driver positions. It is also considered that individuals in the FFD generally have the opportunity and elect to continue their service as non-ambulance personnel. As James O. Page notes, the emergency ambulance service is primarily a dead-end job. (Page 1988) This condition is found in the FFD ambulance service. Promotions and wage advancements are geared toward upward mobility in the fire service. Personnel electing to maintain positions in the ambulance service have no promotional ladder.

Within the EMS system that is provided by Seton Industries, the parent company of Trans Med, the advancement ladder is limited but available. The lowest level employee on the ambulances is the basic EMT. These personnel are paid a starting wage of \$5.02 per hour. Wage advancement is by seniority and peaks at \$6.60 per hour. Employees that see the ambulance service as a career are inclined to attain additional training and become paramedics or advanced emergency medical technicians. On the Trans Med wage ladder a starting paramedic earns an hourly wage of \$7.86 per hour. Seniority advancements can increase this wage to \$10.05 per hour.

Most employees within the Trans Med service elect to remain at the level of paramedic. However, a unique opportunity exists to go to additional levels within this corporation. Employees may elect to continue their educations and become members of the "Life Flight" team. These individuals are trained as nurses but elect to perform within the

air ambulance service. Wage rates for these positions start in the \$17 per hour range and vary by experience and specialization.

Although the primary comparison of this review concerns Trans Med, additional wage information was obtained from other private providers. The wage structure varies at different services. Some services pay for only the time on runs or by the run. Wage rates varied from the minimum wage, under federal guidelines, to levels nearing the \$6.60 that Trans Med pays its top EMT's. Volunteer companies compensate at a very low level but these services were not examined in depth as it is assumed that a paid full time service would be desired within the city.

Hours: The wage rate that is paid to employees of private services increases substantially when the work week is considered. As was the case with most private companies Trans Med employees work more than forty hours per week. Under the Fair Labor Standards Act all hours worked over forty must be considered overtime. Compensation for these hours is one and one half times the base rate. In the case of Trans Med, employees in normal rotation work a fifty-six hour work week. Work week hours are computed by the hours that employees are on the job, working or not.

To the casual observer, the idea of being paid for all hours on duty might seem elementary. However, numerous systems have been devised in the Flint area to limit the overtime compensation of workers. Schemes vary from being paid only twenty of twenty-four hours, it is assumed that the employee will have four hours of inactivity, to the requirement of reaching a minimum activity level during a shift in order to be paid for the entire shift. Employees often agree to work under these conditions

because they are allowed to sleep during their twenty-four hour shift.

Employees of the FFD also work a twenty-four hour shift. They are paid for the total time worked during assigned shifts on a straight time plus night shift differential system. These employees do not receive overtime for the 10.4 hours worked over forty because they are not under the jurisdiction of the FLSA.

#### Fringe Benefits:

The literature pointed to fringe benefits as the area that gives the largest differential between private and public services. Aggregate totals of fringe benefits obtained by Trans Med and FFD employees support the literature. The compiled fringe benefits received by Trans Med employees are approximately 19% of the base wage of employees. Within the FFD the fringe benefit package for ambulance personnel adds an additional 79% of base rate to each employee's compensation.

Pension benefits are a primary element in the large discrepancy between the FFD's and Trans Med's fringe package. Within the fringe benefit package that is received by FFD employees is a 28.93% of base that represents the employer's contribution to the pension fund. When this is subtracted from the total fringe benefit package a 50% of base pay benefit package for the FFD can be compared to the 19% received by Trans Med employees. Without this adjustment the benefit package percentages are received due to the participation of Trans Med in the social security system. An additional 15% is paid by participants in this system which, in the case of Trans Med, is not considered a part of the total fringe benefit package. The pension program in the city is independent of the

federal social security system.

To receive social security compensation FFD employees could elect to retire after only twenty-three years of service and seek other employment that would yield these benefits. Trans Med employees are already subject to provisions of social security pension programs in addition to the company pension system. Within the company pension system employees of Trans Med have vested rights after five years of service. City employees within the fire service must have fifteen years of service to be vested.

The pension benefit is the single most costly and complex of all fringe benefits. Each of the other fringe benefits within the compensation packages are compared in a superficial manner below.

Holidays: Trans Med pays time and one half for six holidays each year. The FFD has seven holidays that are compensated at time and one half.

Life Insurance: While under the employment of the city, employees are covered by a life insurance policy in the amount of one times the base rate of a five year fireman, over \$30,000.

Trans Med employees are covered by life insurance paid by Seton in amounts equal to one times their own yearly base rate without overtime included.

Health Insurance: Employees of Trans Med are covered by health care insurance from Blue Cross/Blue Shield of Michigan. The comprehensive policy has a \$100 individual/\$200 family co-pay provision.

Within the City of Flint service, employees are allowed to decide which insurance provider they would like. The choices are traditional

Blue Cross/Blue Shield, Health Plus and Blue Care Network. Depending on the provider elected co-pays vary.

Vision Care: The city provides a minimal eye care policy for the fire employees. Besides once a year eye examination coverage, glasses may be purchased under the policy every two years.

Trans Med employees elect either eye care or dental care. If elected, eye care includes an eye examination and a new set of lenses each year. Provisions for contact lenses, bifocal and trifocal lenses are also included.

Dental Care: If the Trans Med employee elects a dental coverage a comprehensive package is received. Different procedures have different levels of co-pay.

FFD employees are also entitled to dental coverage. The insurance is provided by the insurance arm of the city government. As with the policy available to Trans Med employees, different procedures have widely ranging deductibles.

Education Reimbursement: Employees of the FFD are granted reimbursement of up to \$200 per calendar year. This money must be approved before an employee participates in a class or educational program. Often the expenditure is for continuing education credits that are required to maintain EMT or AEMT licensure.

Trans Med employees are allowed \$1000 per year for their educational needs. Unlike individuals within the FFD, most continuing education credits are received in hours at Saint Mary's Hospital.

Uniforms: The uniforms that are worn by the FFD employees are issued by

the department. A contract provision indicates the dollar amount that will be spent on uniforms each year. Shoes are provided by the department, within the uniform allowance, every two or three years.

The policy at Trans Med allows individuals to exchange uniforms when original issued uniforms are damaged or worn. The expenditure for uniforms is not a set rate as it is within the FFD.

Time Off: Trans Med employees receive two weeks paid time off after one year's service. At the end of two years' service, three weeks paid time off is received. The ability to bank forty hours for emergency or sick occurrences is an extra benefit.

The accrual of paid time off within the FFD comes in two classifications. Personnel receive both vacation and sick hour accruals. The amount of vacation accrual varies with seniority. Low seniority employees accrue 11.5 hours per pay. All employees receive six hours accrual under the sick leave classification.

Implication of Competition:

The effects of competition must be examined to see if efficiencies can be attained that were not available to the public service. Competition and private sector providers exist to make a normal profit. The availability of this profit must be analyzed. Both of these and other points are discussed below.

System Design: The current system of ambulance service provision is designed around a primary provider and secondary providers. The secondary providers are utilized when the primary is already being utilized. If privatization were to occur a private service would take the place of the

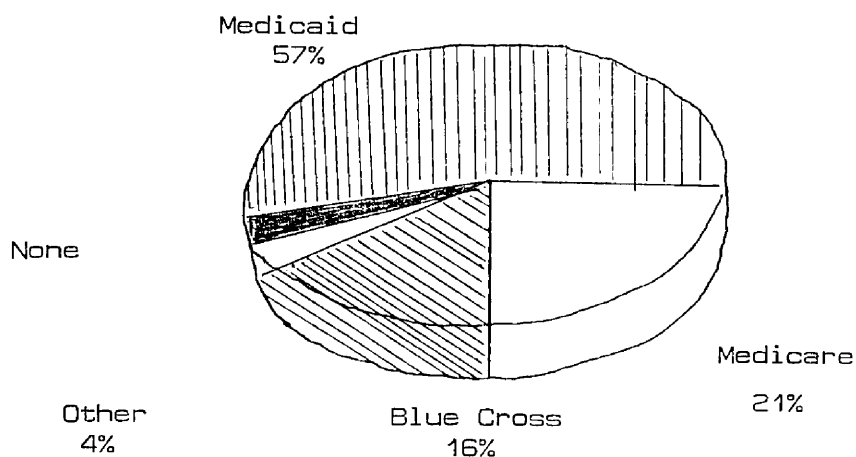
Flint Fire Department (FFD) as primary provider. Competition for the position of primary provider would be on the basis of quality of service. Price competition would not be of particular importance due to the patient mix. Within this mix is a large percentage of third party payers that have fixed rates of reimbursement.

The majority of the patients that would be cared for are on some type of public assistance. Figure 6 illustrates that the total number of patients on some type of assistance make up nearly eighty per cent of the clientele. (Based on a sample of over three hundred consecutive FFD run reports analyzed from the month of August 1991.) This proposition leads to two important factors to consider; levels of reimbursement from third party payers and service for the indigent or less fortunate individual.



Figure 6  
INSURANCE PROVIDERS FOR PATIENTS  
AUGUST 1991

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Source: Ambulance Run Reports August, 1991 City of Flint.

Reimbursement: The private companies that would seek the position of primary provider would do so with the thought of obtaining a profit. According to Don DeWitt, director of ambulance services for Seton Corporation of Saginaw, there is a very profitable market available in the Flint area. The patient mix and reimbursement systems of Medicaid and Medicare allow for a normal profit to be made. Fixed rates of payment limit the charges that are recovered by the provider. A rate of eighty per cent of a normal ambulance bill can be expected as payment from the government assistance programs. As with most third party payers, additional charges for oxygen use, advanced life support, millage and drug therapy will be reimbursed.

Mr. DeWitt noted that a major increase in reimbursement occurs with an elevation of service from the basic level (all FFD ambulances) to the advanced level. The advanced level is reimbursed at a rate that is nearly at charge or even above billing. With fixed costs remaining nearly the same, and wages and other variable costs only increasing slightly, the profitability of an advanced life support transporting unit would surpass that of the basic units. A specific example follows.

In the hypothetical case a sixty-nine year old woman is stricken with a heart attack and 911 is called. In scenario one, the closest basic ambulance and available paramedic units are dispatched. The ambulance arrives and begins oxygen therapy and obtains vital signs. The patient is in need of drug therapy but must wait additional time for the paramedics to arrive. Upon arrival the needed therapy is started and the patient is transported to the hospital. Total charges for the service are basic charge \$120, + oxygen use depending on service and mileage, for an average bill of \$140-\$160. Of this a possible \$112-\$128 may be received as contracted payment.

Scenario two has the same woman stricken in a location with an advanced life support transporting unit. This unit is dispatched when 911 is called. Upon arrival vitals are obtained, oxygen and drug therapy are initiated, and the patient is transported by the individuals that have the first-hand knowledge of her condition before any assistance was given. With the advanced transporting unit the charges are the same as payment. The billing format for scenario two: base charge \$287, plus oxygen therapy, plus advanced care plus mileage, at nearly 2 x the basic care rate, for an average billing of \$347 which is fully reimbursed.

With using the advanced transporting vehicles, the profits available in the competitive private sector would be greater. Quality and social benefits would also be improved by more expedient service delivery and fewer vehicles on the road for potential accidents. However, there would be major political ramifications if such a move were attempted. These are discussed in the political section of this essay.

Indigent Service: A major complication with a system of open competition in the ambulance service is the lack of care in less affluent neighborhoods. According to Robert Tambellini, City Administrator for Flint, the lack of service by private companies in the less affluent portions of Flint has been a major problem. In the past, response times and service to these areas have been very poor when units from the private sector were dispatched. If a private company was contracted, service for all areas of the city might be obtained. A contractual obligation to service both the affluent and less affluent areas would be in effect. In this manner profitability could be maintained by the client mix that the provider serviced.

An additional complication with a privatization effort is now appearing. Many of the clients of the ambulance service within the City of Flint have lost benefits since budget cuts have been made at the state level by Governor John Engler. Run reports are beginning to show up where individuals that had assistance are now classified as no coverage, with reimbursement highly unlikely. This class of individual, the no coverage patient, makes up the sector that a private service must monitor critically.

Other Competitive Factors: Other factors must be considered when the economics of an ambulance system are discussed. The capacity utilization factor is of major importance. A system that obtains the needed fixed assets to provide primary service has a major expenditure. The goal of this service would be to utilize the capacity of these assets to their fullest. The FFD ambulance responds outside the city limits on a regular basis but in a limited capacity. To fully utilize capacity a private service might not restrict itself to the city but might respond to any call within a certain radius. In times of high volume the private service would realize that contract obligations are to the City of Flint and restrict outside participation.

An economic characteristic that might be overlooked in ambulance service is that of economies of scale. Don DeWitt stated that the size of Seton Corporation allows for discounts in numerous areas. The fifty-two hospitals, numerous medical facilities and various emergency systems represent a market to which businesses cater. Costs in supplies, equipment, insurance and various other items can be curtailed. In this manner the profit margin for a large private supplier may be greater than most of its smaller competitors. Volume purchasing may actually allow profits to be made in areas where public services were unprofitable.

### Quality of Service:

The measurement of the quality of service rendered in the EMS field will vary by situation. Levels of care quality are often arbitrary due to conditions present at the emergency scene. Two areas have been examined to indicate possible quality differences between public and private providers. These include the qualifications of the individuals providing the service and the response time to the scene. These points are illustrated in the following section.

Qualifications of Service Providers: The level of licensure of the individuals that provide ambulance service should be compared. A standard should be maintained so that the jurisdiction does not lose quality of care when privatizing the service. The Michigan Department of Public Health has jurisdiction over all ambulance services in Michigan. On a basic unit an advanced first aid certified individual may be a driver, but there must be at least a basic EMT in the patient compartment with the patient.

In the City of Flint the public service has a rule that there should be two basic EMT's on each ambulance. In this fashion either individual is capable and legally permitted to perform as the driver or attendant on any run that is made. The importance of this aspect cannot be over emphasized. In situations where one EMT is able to relate to a patient better or has obtained information concerning treatment while the co-worker checked other victims, that EMT should ride with the patient. The continuance of care by an individual is important for correct information transfer between ambulance and hospital personnel.

While operating in the Flint area, Trans Med employed all basic EMT's to staff their units. This was not due to City licensing requirements. The quality of care standard was the main concern. Don DeWitt stated that Trans Med would have preferred to staff their units with advanced EMT's. Two reasons for not staffing the units with the higher trained individuals were addressed.

The first of these reasons was the staffing of other local services. The competition, including the FFD service, was only staffed by basic EMT's. The general public is not "care discriminatory", or is indifferent as to the level of training of ambulance personnel at an emergency scene. Without the incentive to provide a service that the public would like and request, the level of licensure is set by the competition.

The second of the reasons for only having basic EMT's in their units relates to the political issue alluded to earlier. Within Genesee County the millage for emergency services is a politically sensitive topic. The only advanced life support units within the County are those of the FFD and the Genesee County Sheriff. Neither the City nor the County would like to see a service introduced that would provide any of the service for which the millage currently pays. Even without a sharing of funds with the new service provider, the two governmental units object to such a change. The feeling of loss of worth and possible loss of millage dominates where quality of service should be of prime concern.

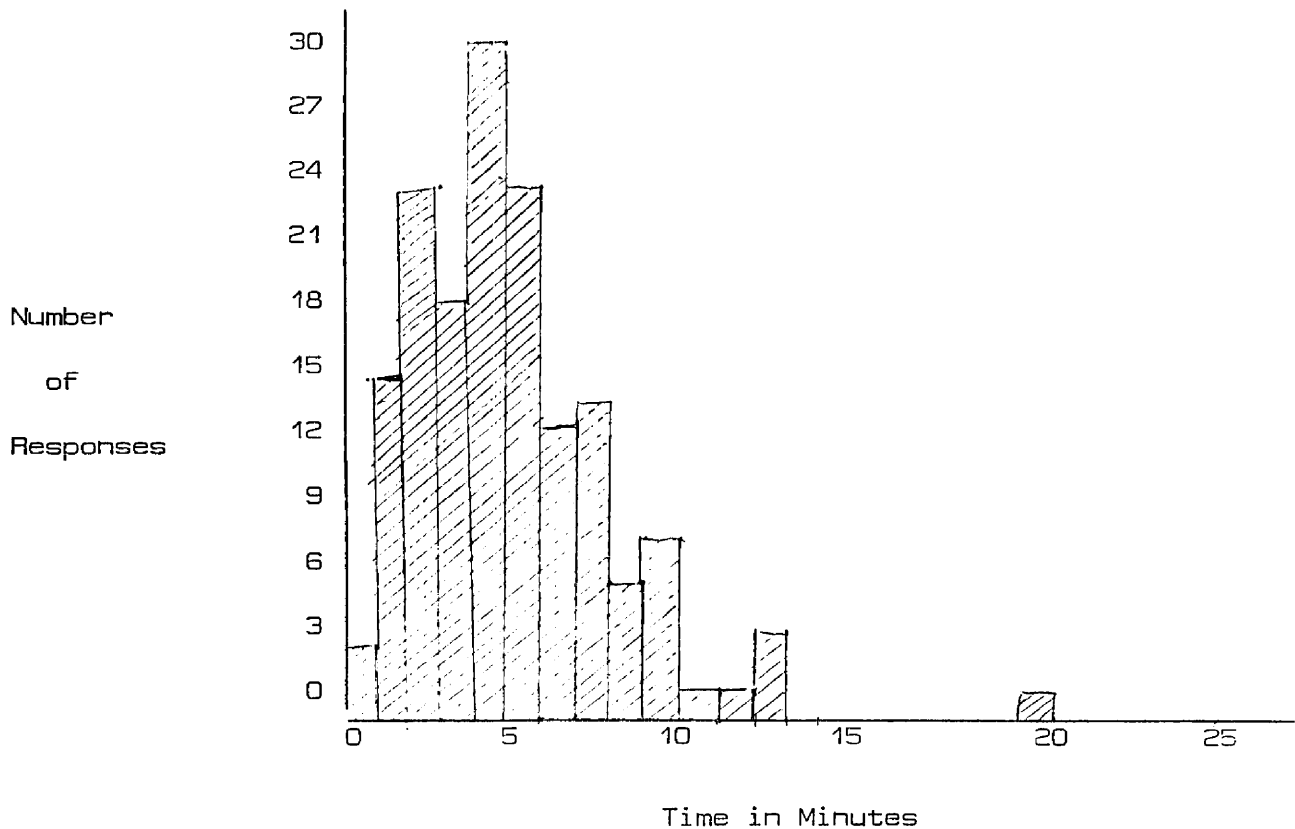
Response Times: In the area of ambulance service one of the most critical points to analyze is the response time to the scene of an emergency. The life of an individual may be dependent upon a quick

response by emergency personnel. National standards for ambulance response times vary but an average of less than eight minutes is a universal acceptable level. The location of the service area urban, rural or suburban and environmental characteristics such as weather play an important role in response time. To compare response times of services that do not have identical service areas would be an error. The average response time achieved by one service could be the standard for a new service.

An analysis of response times for over one hundred fifty responses during the month of August 1991 was made. All runs analyzed were made by basic units of the FFD. The results compiled in Figure 7 show that an average response time of five and one half minutes was obtained. More important was the fact that only eighteen responses were over eight minutes. The results are inconclusive as to what an average response time for the service for the year might be, but show an approximate time that an individual would have to wait for an ambulance provided by the FFD during a typical summer month.

Figure 7

RESPONSE TIMES FOR THE CITY OF FLINT  
BASIC AMBULANCE SERVICE



Source: Ambulance Run Reports August, 1991 City of Flint.

While data are not available for the Trans Med response times within the City of Flint, Don DeWitt stated that he was confident that the average time was well below the eight minute standard. When questioned about the feasibility of meeting a five and one half minute standard, a feeling of confidence was presented. A different approach to ambulance unit location was suggested by Mr. DeWitt, that could allow



for even better response times than those of the public service.

The public service is operated out of three fixed stations where the basic units are housed. If a unit is dispatched there is no move up to reduce the response time of a second unit to that area. A proposal to operate by using a system of mobility was suggested. If quality is the goal and measurement is by response time, then the units should remain mobile or on the road more often. By allowing units to move closer to areas of high incidence or areas that are devoid of coverage due to a rig being dispatched, response times should be reduced to their lowest level with the available equipment.

Social Concerns:

Social concerns impacting a privatization move must be examined by service providers. The way that a service affects society from noise pollution to hiring practices, must be considered. Some of these concerns are addressed below.

Minority Status: The City of Flint Fire Department began a minority hiring push in 1973. This move was made in an attempt to bring the ratio of minority employees in line with the composition of the population for whom the service cared. Since that time the percentage of minority employees has risen and minority recruitment has still been pursued. Advancements by minority personnel have been made by affirmative action rulings. Today the Fire Marshal and many fire officers' positions are occupied by minority personnel. The FFD employs individuals of all races and many ethnic backgrounds. Females were first hired into the service in 1985. Subsequent hirings have increased female membership. The traditional white male shop has been dismantled.

Current statistics for the individuals that would most likely be directly affected were obtained from FFD records. The budgeted positions for the ambulance service contain twenty-four firefighter EMT's. Of this number fourteen individuals are classified as non-minorities. One individual is a white female and thus not considered a minority under the affirmative action guidelines. The other nine black male employees comprise a 37% portion of those directly affected. With a 34% black composition of the entire department, data would tend to support a slightly disproportionate number of potential black lay-offs if

privatization were to occur. However, when considering the nearly 42% ratio of all minority employees within the suppression forces, it might also be stated that a proportionate number of non-minority employees would be directly affected. To illuminate the issue better the employment tendencies of the potential private sector provider must be examined.

When Trans Med was a functioning service in the Flint area there was no active recruitment of minority individuals. Employees were hired on the basis of who applied and what the qualifications of the individual were. The workforce consisted of 43% women, 40% white males and 17% black males. The services that are operated by Trans Med in other localities generally reflect a similar workforce composition.

One way in which the City might force additional minority hiring is through affirmative action guidelines within the contractual agreement. The practice of purchasing goods and services from outside vendors, that conform to the City's guidelines, has been a mainstay in the affirmative action program in Flint. Vendors must meet the prescribed guidelines to be considered for contracts and must retain minority employees to be eligible for contract renewal. In the case of an ambulance service, the large fixed cost outlay would be a reason to retain the contract and thus retain minority employer status.

Unemployment: If a privatization effort was introduced for ambulance service delivery in Flint the status of the twenty-four ambulance riders must be considered. Personnel in the dispatch, administrative and training sections might also be affected. In interviews with service providers within Genesee County it was learned

that the job market for EMT's is one that is saturated. Companies that are paying even minimum wages are able to obtain young individuals that have obtained state certification as EMT's.

Individuals from the FFD would take substantial wage and fringe benefit cuts to go to work for any private service. One short term benefit that may be considered is that of unemployment compensation. This benefit can be thought of as a small component of social cost. However, it may produce a benefit to the individual equal to or greater than a full work week produced at a private service provider. Any employee that was compensated at least \$105 for thirty-five weeks would be eligible for twenty-six weeks of unemployment. The maximum payment that would be received is set at \$276 per week. At the end of the twenty-six week period additional funds may be available from one of the state or federal programs but no guarantees can be made.

Other Social Concerns: The impact of privatization may be felt in other areas. These might be addressed contractually. Items such as drivers' safety, unit routing and hazardous materials handling are just three that might be considered.

The Motor Vehicle Code of Michigan has guidelines for which all drivers should be aware. Emergency vehicles are exempt from some guidelines and individuals operating emergency vehicles must know when exemptions apply. The performance of emergency vehicle drivers is a social concern that affects not only the patient but all society. Flint Fire employees are subject to accident review that could lead to disciplinary action.

Besides the operation of the ambulance unit the routing of the unit might be a socially significant implication. Individuals from the FFD are educated in the routing of units to scenes by using primary roadways whenever available. All base stations are located on primary roadways to reduce the sound pollution and hazards of speeding emergency vehicles. It must be emphasized to private providers that contractual response times cannot be obtained by endangering society with short cuts through secondary neighborhoods.

The hazardous waste issue is one that may seem to be insignificant. In today's world of hepatitis, aids, and numerous other diseases, the disposal of medical waste must be addressed. The procedure used by FFD employees to dispose of needles and other waste may not be available in the future. Waste has been dropped off at the receiving hospital for disposal. These wastes are then packaged by the hospital, along with hospital waste, and disposed of by a hazardous materials waste hauler. The exorbitant fee that is obtained by the waste hauler and the disposal company reflects the cost of proper disposal. This cost might soon change the way FFD waste is handled.

The majority of private ambulance firms are operating under the same system as the FFD. Trans Med has the unique position of being directly affiliated with a hospital which contracts for waste disposal. Waste from Trans Med units is independently packaged and tagged but disposed of along with medical waste from St. Mary's Hospital. With this system the Trans Med program has little concern about how its waste will be handled in future years.

Union or Labor Implications:

The literature on privatization stated that union and labor opposition was a major obstacle in changing from public to private producers. Issues relating to this topic are discussed below.

Bargaining the Privatization: The City of Flint is a highly unionized area. The Fire Department and all its employees with the exception of the Chief of the Department are members of Local 352 of the International Association of Firefighters. A collective bargaining agreement that has been negotiated between the two parties dictates the operations of the department. The fire department employees, whether on suppression or ambulance duty, are emergency personnel and thus covered by Public Act 312 of 1969. This Act has many provisions but the focus here is on two items, the arbitration of contractual differences and the demand for negotiations when there is a change of working conditions.

Strike Protection: Arbitration under Act 312 protects government jurisdictions from the strike weapon that can be used by private firms to achieve economic or labor goals. On the labor side the Act forces governments to bargain and may force an agreement upon a jurisdiction. The benefits of the Act are not debated here but the fact that the City is protected from potential strikes is important.

Using Trans Med as an example again as a potential service provider the public benefit can be seen immediately. Although Trans Med is non-union its employees could unionize and already have the option of instituting a strike or walkout for economic or labor issues. A disruption of service would immediately follow and the other services in

the area would be called on to attempt to fill the void. The situation would be critical. In the long run new employees may staff the units and the situation remedied, but the on-going need for ambulance service would present a problem in the short run.

Mandated Negotiations: The Michigan Employment Relations Commission and Public Act 312 have both been used to arbitrate and support the union contention that a privatization move must be negotiated. In conversations with George Kruzewski, a labor lawyer in the firms of Sacks, Nunn and Associates of Detroit, it was noted that recent court cases in Michigan would support the union's position that a negotiated settlement must be obtained. (Kruzewski 1991) Mr. Kruzewski works exclusively for fire department labor organizations and relates two cases that he would cite if privatization was attempted without negotiation.

In the first case the City of Detroit went to court against the district court guards. (City of Detroit vs. District Court Guards, 36th District) The court found that due to the presence of a labor agreement between the City and the guards and the continuation of the service rendered by the guards by another provider the City of Detroit was mandated to negotiate in good faith with the union on the privatization move.

The second case that was presented has a much more direct linkage. The City of Roseville, Michigan privatized its ambulance service. The service had been provided by fire department employees. In this case the City refused to bargain with the union feeling that it was their right to determine service producers within the confines of Roseville.

Again the 36th District Court<sup>e</sup> ruled in favor of labor. (City of Roseville versus Local 1614 IAFF, City of Roseville Firefighters)

The presence of a contractual agreement and the applicability of Act 312 to the bargaining units were stated as reasons for the decision.

Roseville was ordered to negotiate the privatization move with the fire department union.



### Legal Issues:

Legal issues are a topic that must be examined by legal experts. Areas to be scrutinized are developed in the following text.

Liability: The tort liability issue is an area that would need to be addressed by city attorneys and contract experts. At the present time the City is liable for the actions of its employees when they are acting under the authority of the City. In this manner the City has the same legal responsibilities that the private service provider has. The question that must be asked is, who is liable for the actions of a contracted service provider's employees? This question was addressed to Marc Dedenbach, Vice President for legal affairs at Flint Osteopathic Hospital and instructor of Legal Aspects of Health Care Administration at the University of Michigan-Flint. The answer is only an opinion but presents factors to consider. (Dedenbach 1991)

It is highly likely that the municipality would be sued under the doctrine of respondeat superior, ("let the master respond"). (Pozgar 1990) This doctrine would hold the City responsible for the actions of employees. According to Mr. Dedenbach, the question that might arise would be if a private company was in fact an employee, if a contract was made for service but no money was exchanged between the City and the private firm. The City of Flint also presents a unique situation in that money is received for emergency medical services. If any of this money was allocated to private providers a master-servant relationship might be established. If such a connection was made the liability may rest in any number of ways but almost assuredly a portion would fall upon the City.

To reduce the effects of potential liability judgements it was suggested by Mr. Dedenbach that indemnification agreements would be included in any contract entered into. The indemnification clause would stipulate that the service provider would reimburse the City for all legal judgements incurred due to actions of employees of the service provider. It was also suggested that contracts with small or independent ambulance services be avoided. In situations where judgements against a service could cause it to bankrupt or cease operations, the entire weight of the judgements could pass on to the City. This situation would yield any indemnification agreement useless.

Millage Dollars: A second area that should be studied for legal implication deals with the millage issue. Mr. Dedenbach stated at length that the funding of the service dictates much of the liability issue. It could be found that the City may receive a share of the millage assessment just for providing advanced life support units. It is highly likely that a service of non-transporting units could receive funding in the same manner as the Genesee County Sheriff's Department.

Political Implications:

All individuals and groups have preferences that are expressed through political agendas. The ambulance service has political implications that potentially affect the entire population. Two of these were examined.

Millage Politics: In the earlier discussion of competition it was noted that advanced life support transporting units were suggested. This issue has been presented by the staff of Trans Med and other firms to the Genesee County Medical Control Board (GCMCB). However, as was described in the current status section of this analysis, a representative of both the Flint Fire Department and the Genesee County Sheriff's Department sits on the GCMCB. These agencies combined received over \$2 million that is obtained by the millage for emergency medical service. It is felt that the presence of a third party in the advanced life support system would jeopardize millage dollars.

In the case of the sheriff's department, a large percentage of the money to fund the road patrol is obtained under the banner of "paramedic services". The dual classification deputy allows the sheriff to present a viable road patrol that also consists of a large number of paramedics. The institution of an advanced life support transporting unit within the city limits would almost certainly be followed by a similar system in the rest of the county and beyond. The long term affect would be an elimination of the need for paramedic units and a reduction of the number of available sheriff's deputies for road patrol.

Control of the Service: The residents of the City of Flint would

be presented with a unique situation dealing with emergency medical service. The control of the service provision is partially vested in the public vote on the millage issue. Approval of the millage issue can be construed as a vote of confidence for the service provided. In the private sector the citizens would be able to vote for service provision by actually utilizing the service provided by private firms.

The control of the public service is a much more direct approach. A no vote would mean the loss of funding and probable dismantling of the system. EMS is not mandated other than through the use of millage dollars assessed for such a program.

The private firm that receives a no vote experiences a lack of profits. Corrections in the method of service provision must be made or the private firm will also be eliminated by the voting public. Unlike the public sector's millage vote, the private sector might see a steady decline in revenues that would signal a need for reevaluation of conditions of business.

Summary:

The implications of a privatization move are diverse and must be researched in depth. Material that was obtained concerning the possible privatization of the City of Flint ambulance service generally reflects information that was discovered while reviewing literature pertaining to the subject. These points should be illustrated.

1.) The literature pointed to a reduction in wage rates for less skilled individuals and comparable rates for more highly trained personnel.

Results presented from research indicate that the wage that might be earned by a private sector employee was approximately one-half the rate of the public employee, at the basic EMT level. Wage rates for advanced emergency medical technicians were found to be comparable with only a slight drop for an individual going from the public to private sectors.

2.) The fringe benefit package that is generally offered to individuals within private sector services is less than that of comparable public sector services according to the literature.

In the FFD the fringe benefit package is equivalent to 79% of the base rate of the employee. The comparable employee at Trans Med EMS receives only a 19% of base fringe package.

3.) Competition would increase efficiency according to the literature reviewed. Lower price and/or higher quality might be expected with the increased competition.

The effect of competition does little in the area of price charged for ambulance service. The service price is dictated to a large

degree by third party payers. The quality of the service is also dictated to some degree by the politics of the local system and the regulations in place on the state level.

4.) The literature suggested that the impact on minority individuals would be proportionate to the impact on the total work force.

Inconclusive research of FFD records indicates that the minorities affected would indeed be representative of the make-up of the entire work force. A slightly higher percentage of black males would be impacted. Further calculations show that white males are affected in proportionate numbers to the composition of the entire work force. The disparity exists in that no other minority group is represented in the twenty-four positions directly affected.

5.) The literature suggests that one way to minimize the effect of privatization is to have public workers hired by the new private service.

It was found that the private service is already saturated by EMT's. In many cases the unemployment compensation that would be available would surpass the wage earned at the private provider but for a limited time. Private sector employment, within the ambulance service, is not a viable alternative to present to displaced workers.

6.) Labor and union opposition is seen in the literature as a force that must be dealt with.

It was discovered that the union for FFD employees might have viable options to pursue under both Act 312 and MERC rulings if a privatization effort was pursued without negotiations between the union and the City.

7.) Literature suggests that public employers must realize that protection against strikes is an important factor to consider.

The City of Flint is protected against a strike under Act 312 at the present time. Arbitration of labor disputes is utilized. If the service was contracted out to a private sector provider this protection would be lost.

8.) Tort liability is an area to be wary of when deciding to privatize according to some literature.

The City must be aware of the liability aspects regardless if funds are exchanged or not. Settlements for damages could be directed back at the City.

9.) An area that the literature states will be most difficult to deal with is the area of politics.

A major complication within the emergency medical services in the City of Flint and in Genesee County is the presence of millage dollars. These dollars are seen as both a detriment and benefit to EMS in the local area.

Conclusion:

It is important to emphasize that at the present time the City of Flint has a viable public supported ambulance service. The citizens have spoken through their votes on the millage issue to continue the system as it is being operated. The City of Flint Fire Department has developed a reputation of quality service. To arbitrarily change service providers and lose the goodwill that has been created would be a tremendous error. If a privatization effort was pursued and failed, years could pass before a public system was elevated to the level of the current system.

Before pursuing a privatization effort with an outside provider the City should analyze the present system and determine if viable in-house alternatives are possible with increased efficiency or lower costs. Career ladders with basic emergency medical technician as the base might be instituted at a lower wage rate to appease City concerns and yet maintain the union's desire for security for employees. A system of advanced transporting units should be examined to see if this would be viable within the City. Additional funds and higher quality care might be the result of such a maneuver.

If a privatization effort is to be pursued the union to be bargained with must be consulted. Large firms with resources to cover potential liabilities must be the only alternative considered. Contracts with these firms must be specific and well thought out. Provisions for eliminating the agreement must be stated as well as a duration for the contract.

To say that a privatization effort should be supported or rejected



was not the intent of this analysis. The intent was to illustrate some of the complex implications that must be examined.

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