

Playing With Fire



Picture courtesy of WildlandFire.com

Budgeting for Extreme Wildfires is a Disaster



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The United States has suffered some of its worst wildfires in recorded history over the last 10 years. This escalation in extreme wildfires is driven by climate change and accumulating fire fuels, and likely represents the new normal.

Across-the-board budget cuts nonetheless have significantly reduced wildfire funding for the U.S. Forest Service and the Department of the Interior, which lead the federal government's firefighting efforts.¹ These agencies consequently have been forced to "borrow" funds from critical programs such as forest restoration and fire fuel reduction to pay for firefighting. The Forest Service in 2013 alone redirected more than \$500 million to firefighting from other programs, while the Interior Department redirected more than \$34 million.

This report describes the problem at hand as well as a new bipartisan proposal—unfortunately opposed by the House Republicans' FY2015 budget resolution²—that would treat extreme wildfires as disasters, provide a reliable funding stream and end the need for fire borrowing.

Extreme Wildfires: The New Normal

The total number of wildfires has been relatively stable in recent years, but the intensity of those fires, judged by the number of acres burned, has been trending higher. Specifically:

- Six of the worst fire seasons in the last half-century were in the past decade.³
- The average number of acres burned in wildfires each year has doubled compared to 40 years ago.⁴
- Fire seasons have increased by more than 60 days since the 1970s.⁵
- The 2012 wildfire season was the third worst since 1960, with more than 9.3 million acres burned, more than 50 fires exceeding 40,000 acres and 14 fires exceeding 100,000 acres.⁶ More than 9 million acres also burned in 2006 and 2007.⁷
- Florida, Georgia, Utah, California, Texas, Arizona, New Mexico and Colorado all suffered the largest and/or most destructive fires in state history during the last seven years.⁸

¹ This refers to appropriations under the wildfire management account and the FLAME Act, not supplemental emergency appropriations and reimbursements for transfers.

² House Budget Committee, "Path to Prosperity: Fiscal Year 2015 Budget Resolution," page 35, April 2014, available at http://budget.house.gov/uploadedfiles/fy15_blueprint.pdf.

³ Ross Gorte, "The Rising Cost of Wildfire Protection," Headwaters Economics, available at <http://headwaterseconomics.org/wphw/wp-content/uploads/fire-costs-background-report.pdf>.

⁴ Testimony of Forest Service Chief Thomas Tidwell before the U.S. Senate Energy and Natural Resources Committee, June 4, 2013, available at http://www.energy.senate.gov/public/index.cfm/files/serve?File_id=e59df65c-09c6-4ffd-9a83-f61f2822a075.

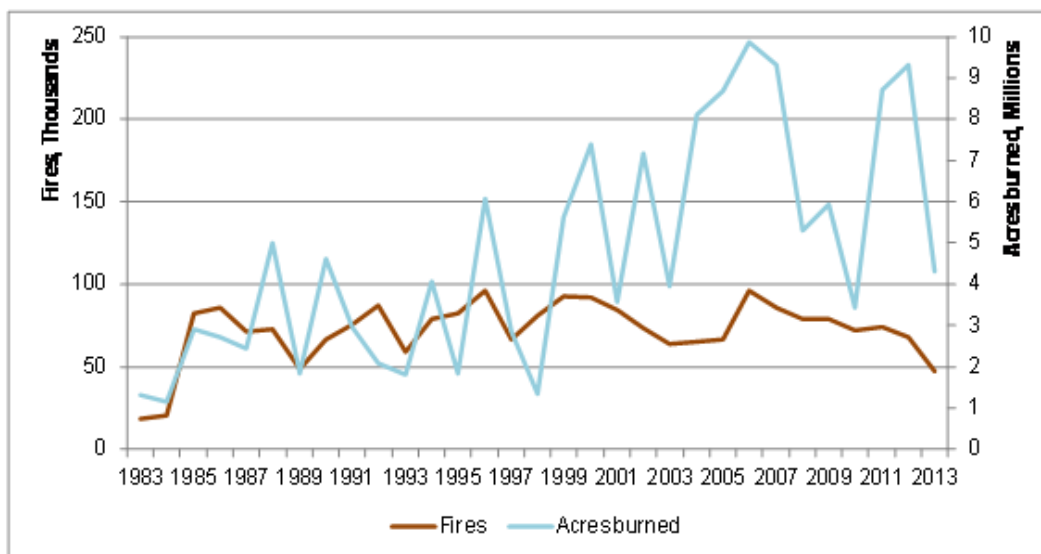
⁵ Ibid.

⁶ Ibid.

⁷ See footnote 1.

⁸ See footnote 3.

Figure 1: Total Number of Wildfires and Acres Burned (1983-2013)⁹



Causes of More Extreme Wildfires

The two main causes of increasingly intense wildfires are climate change and the accumulation of fire fuels. Climate change impacts wildfires in several ways. First, fires burn hotter in higher temperatures, making them more difficult to control. Snowmelt and spring growth also occur earlier, resulting in longer fire seasons. And precipitation changes and drier conditions increase both the likelihood and intensity of wildfires.

Excessive fire fuels are mainly attributable to three causes. First, heavy grazing has reduced the amount of grass coverage. Grass coverage generally provides for frequent, low-intensity fires. Replacing grass with more tree growth leads to more severe fires. Second, the harvesting of many large pines has resulted in smaller, less fire-tolerant trees growing in their place. This has added additional woody fire fuels and further reduced grass cover. Lastly, aggressive fire suppression policies of the past prevented frequent low-intensity fires that formerly kept fire fuels in check.¹⁰

Wildfire Management and Fire Suppression Funding

Both the Forest Service and the Interior Department receive appropriations for wildfire management, which involves suppression, preparedness, fuel reduction and site rehabilitation, among other activities (see Appendix for historical appropriations to subaccounts within the wildfire management account). Below, Figure 2 highlights total wildfire management (WFM) appropriations, while Figures 3, 4 and 5 focus on wildfire suppression appropriations, a subaccount within the WFM account. The Forest Service receives about 70 percent of federal WFM funding while the Interior Department receives the remaining 30 percent.¹¹ In the early 1990s fire activities represented about 13 percent of the Forest Service budget, around \$1 billion. Today, fire activities consume more than 40 percent¹² of the budget at more than \$3 billion a year.

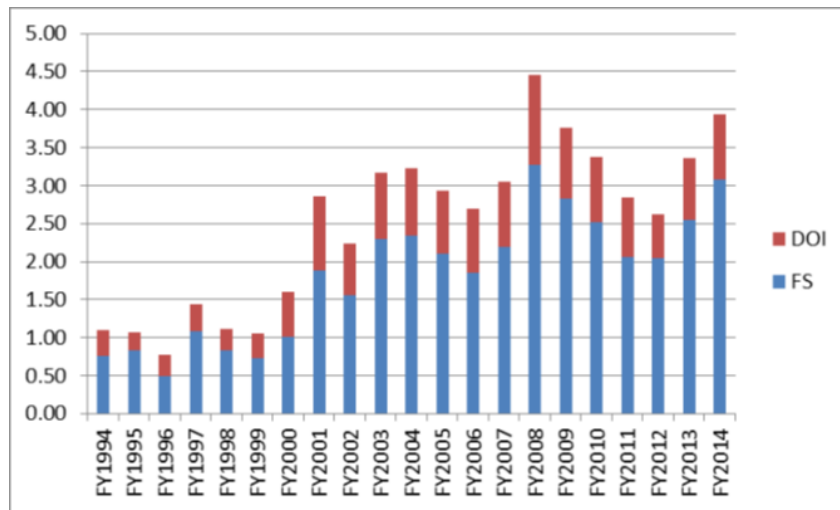
⁹ Congressional Research Service, *Wildfire Management: Federal Funding and Related Statistics* (R43077).

¹⁰ See footnote 1.

¹¹ See footnote 1.

¹² See footnote 3.

Figure 2: Wildfire Management Appropriations¹³ (billions)



Appropriations for wildfire suppression have declined even as the intensity of wildfires has increased. Fire suppression funding for the Forest Service shrank from \$1.4 billion in FY2010 and \$1.29 billion in FY2011 to \$853 million in FY2012 and \$809 million in FY2013, according to the Forest Service (not including supplemental emergency appropriations).¹⁴ The Forest Service and the Interior Department consequently have been forced to “borrow” (or transfer funds) from other agency programs to respond to the extreme wildfires of recent years and fill shortfalls in suppression funding.

Federal agencies are generally prohibited from spending budgetary resources on activities other than those for which they were appropriated, but the Interior, Environment, and Related Agencies annual appropriations bills (which provide funds to both the Forest Service and Interior) have included provisions authorizing the Forest Service and Interior to borrow unobligated funds from other accounts for emergency firefighting once wildfire appropriations have been exhausted. As the costs associated with wildfires have risen, borrowing from other accounts has become commonplace. Since 2002, the Forest Service has used transfers from other accounts seven times to pay for more than \$3 billion in fire suppression costs (see Figure 4). Interior, meanwhile, has used transfers five times since 2003 to cover almost \$422 million in suppression costs (see Figure 5). The Forest Service borrowed \$440 million in FY2012 and \$505 million in FY2013, and Interior borrowed more than \$15 million in FY2012 and more than \$34 million from Bureau of Land Management, Fish and Wildlife Service and National Park Service land acquisition, construction and grant accounts in FY2013.¹⁵ The Forest Service borrowed a high of \$999 million in 2002, while Interior borrowed \$163.5 million in 2003.

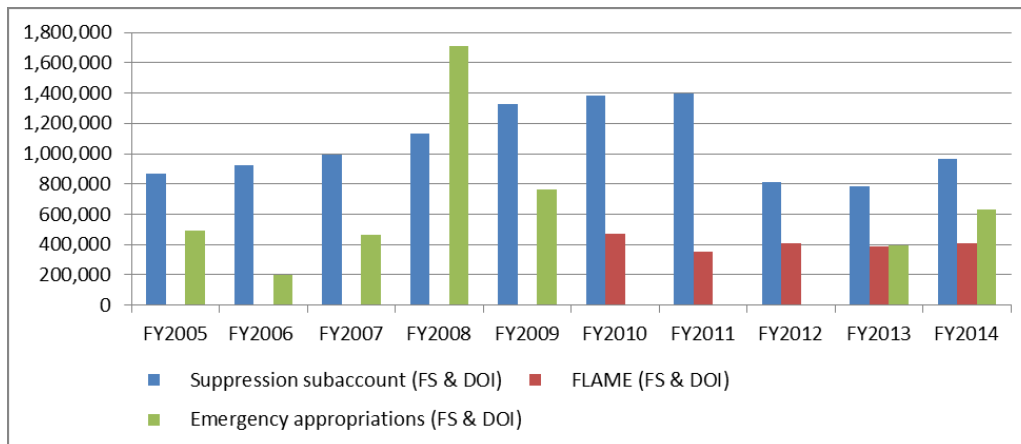
When funds are diverted for fire suppression, Congress usually (but not always) enacts emergency supplemental appropriations to reimburse programs whose funds were borrowed. This reimbursement may not happen immediately, however, and programs are often left in limbo awaiting congressional action.

¹³ See footnote 9. See Appendix for subaccount amounts in fiscal years 2005 through 2014.

¹⁴ A portion of the decline in wildfire suppression funding is due to a restructuring of budget line items in FY2012. The costs associated with activities formerly connected to the suppression subaccount were realigned under the preparedness subaccount.

¹⁵ Amounts provided by U.S. Forest Service and Interior Department to Democratic committee staff.

Figure 3: WFM Suppression Subaccount, FLAME and Emergency Appropriations¹⁶ (thousands)



Congress provides funding for wildfire suppression through (1) appropriations to the suppression subaccount under the wildfire management account (through the normal annual appropriations process); (2) appropriations to the FLAME wildfire suppression reserve account (separate from the wildfire management account but also through the normal appropriations process); and (3) emergency appropriations for suppression (supplemental appropriations and transfer reimbursements). The chart above shows annual appropriations for these three funding streams.

In 2009, Congress passed the Federal Land Assistance, Management, and Enhancement Act, or FLAME Act, which established a reserve account for wildfire suppression to reduce the need for fire borrowing. Funding for the reserve account is down slightly from FY2010, however, and has not been enough to make up for other cuts in wildfire suppression.

The Consequences of Fire Borrowing

Fire borrowing is both an unsound budgeting practice and an inefficient use of taxpayer funds. Programs are sometimes not fully reimbursed, but even if they are, they are often destabilized as agencies must continually anticipate or deal with transfers. The Interior Department was forced to borrow \$96 million in 2007 and \$112 million in 2007 but, in each case, the department was not reimbursed until the subsequent year. In 2002, Interior borrowed \$240 million from construction and land acquisition accounts to pay for wildfire suppression, but only \$189 was ultimately reimbursed by Congress, leaving a \$51 million shortfall for programs that were borrowed from. Likewise, in 2003, Interior borrowed \$163.5 million for wildfire suppression but was repaid just \$134 million, leaving a \$30 million shortfall for land acquisition and construction projects.¹⁷

Borrowing also compromises agencies' ability to mitigate fire risks and reduce fire damage in future years. For 2013, the Forest Service borrowed from many important programs, including the following budget line items:

- \$183 million from Restoration of Forest Lands and Improvements;
- \$40 million from the National Forest System;
- \$30 million from Brush Disposal; and

¹⁶ See footnote 9.

¹⁷ Details in this paragraph were provided by the Interior Department to Democratic committee staff.

- \$30 million from Capital Improvements and Maintenance.¹⁸

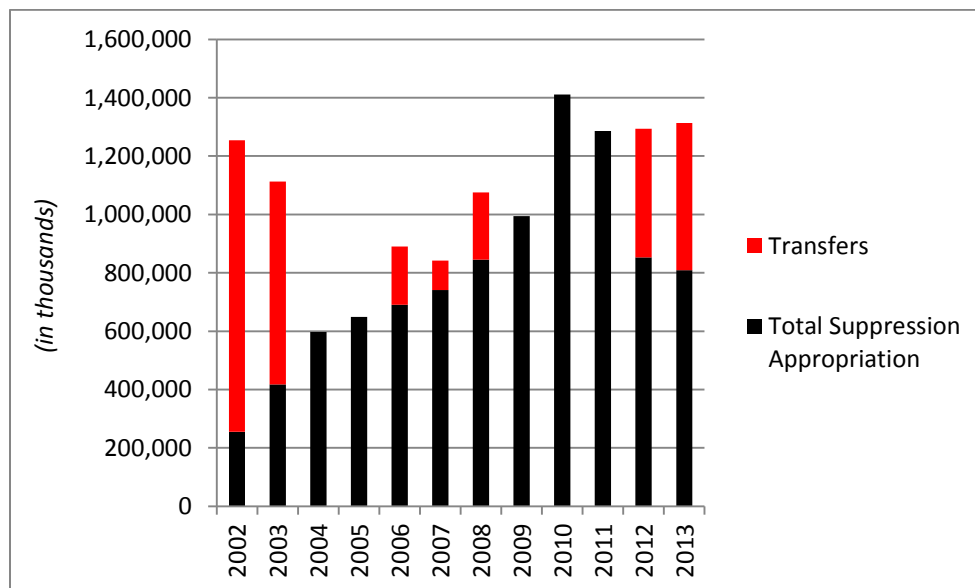
In 2004, the Government Accountability Office issued a report critical of transferring funds to pay for wildfire suppression activities. According to GAO:

Transferring funds for wildfire suppression resulted in canceled and delayed projects, strained relationships with state and local agency partners, and difficulties in managing programs. These impacts affected numerous activities, including fuels reduction and land acquisition. Although transfers were intended to aid fire suppression, some projects that could improve agency capabilities to fight fires, such as purchasing additional equipment, were canceled or delayed. Further, agencies' relationships with states, nonprofit groups, and communities were negatively impacted because agency officials could not fulfill commitments, such as awarding grants. Transfers also disrupted the agencies' ability to manage programs, including annual and long-term budgeting and planning. Although the agencies took some steps to mitigate the impacts of transfers, the effects were widespread and will likely increase if transfers continue.¹⁹

In recent testimony before the U.S. Senate, Forest Service Chief Thomas Tidwell also underscored the disruptive and harmful consequences of fire borrowing, saying:

Each time the agency transfers money out of accounts to pay for fire suppression there are significant and lasting impacts across the entire Forest Service. Not only do these impacts affect the ability of the Forest Service to conduct stewardship work on national forests, they also affect our partners, local governments and Tribes.²⁰

Figure 4: Forest Service Appropriations and Transfers ('Borrowing') for Fire Suppression²¹



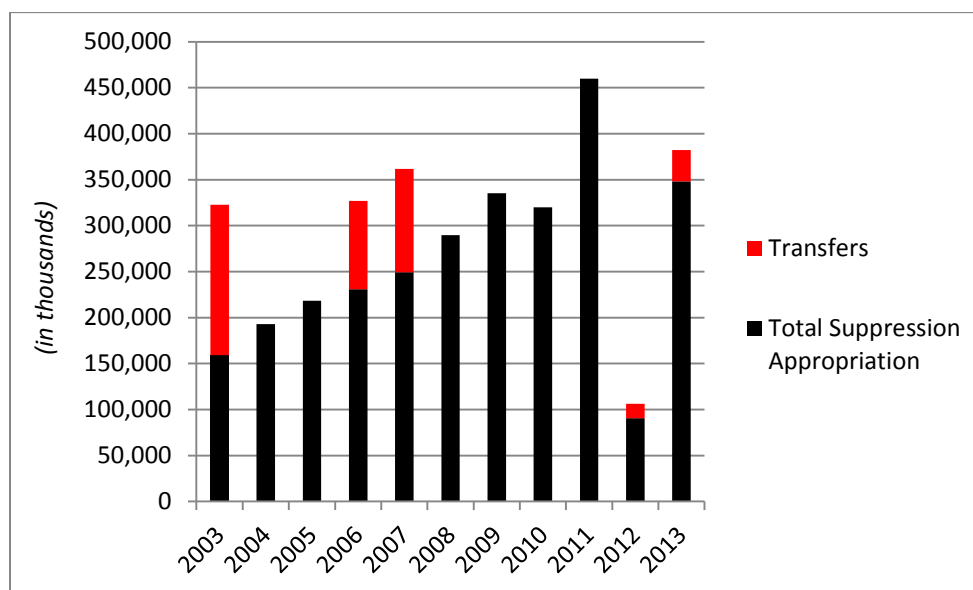
¹⁸ Information provided by the U.S. Forest Service to committee staff.

¹⁹ Government Accountability Office, "Wildfire Suppression: Funding Transfers Cause Project Cancellations and Delays, Strained Relationships, and Management Disruptions," GAO-04-612, June 2004, available at <http://www.gao.gov/assets/250/242741.pdf>.

²⁰ See footnote 3.

²¹ Data provided by the U.S. Forest Service to Democratic committee staff.

Figure 5: Interior Department Appropriations and Transfers ('Borrowing') for Fire Suppression²²



NOTES:

1. Appropriation language in FY2010 directed DOI to use \$125 million of prior year balances.
2. FY2011 includes rescissions of balances by Congress of \$187.1 million for DOI.
3. Supplemental funding in FY2012 and FY2013 did not receive an emergency designation and therefore was counted within the discretionary allocation.
4. Appropriation language in FY2012 directed DOI to use \$189.6 million of prior year unobligated emergency supplemental balances. There was also a rescission of \$82 million in prior year balances for DOI.
5. For FY2013, enacted appropriations include the sequestration.

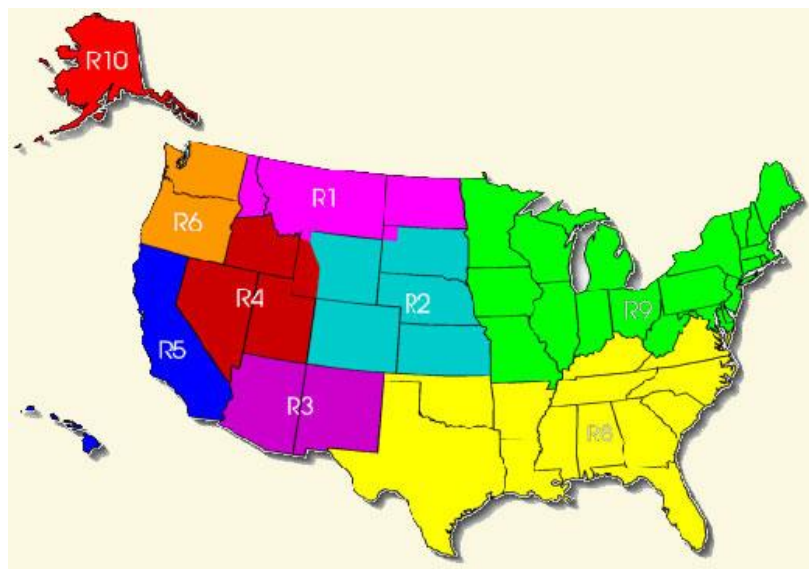
The Forest Service provided Democratic committee staff with fire-borrowing examples from FY2013, when the Service was forced to transfer more than \$500 million to pay for fire suppression. These examples, listed below, show the harmful consequences for programs and projects from various Forest Service regions (see map below to see region locations).

- In Region 1, a project on the Dakota Prairie Grasslands to evaluate habitat needs of sensitive grasslands birds—such as Sprague’s pipit—that are expected to be listed as threatened or endangered in the next year, was eliminated.
- In Region 1, on-the-ground implementation of restoration projects was reduced, including aquatic restoration, weed control, and monitoring. In addition, 10 less miles of roads were decommissioned and 4,000 acres of fuels treatments were not able to be completed.
- In Region 2, 50-100 miles of trail maintenance in areas affected by bark beetle was deferred, negatively affecting recreation opportunities, outfitter-guide operations, and recreation-based community economies.
- Critical land acquisitions were deferred. In Region 3, for example, an undeveloped 1,095 acres of land in the Zuni Mountains that was offered to the Forest Service for purchase was unable to be acquired. The property is located 1 mile north of the Zuni Pueblo Reservation and is on the headwaters of the Rio Nutria drainage.

²² Data provided by the Department of the Interior to Democratic committee staff.

- In Region 5, an award of a contract to repair cracks in an airtanker base taxiway in Southern California was deferred, leading to increased safety concerns for airtankers using this taxiway. This lack of a contract award also negatively impacted jobs and the local economy.
- In Region 6, a significant portion of the Legacy Roads and Trails funds to complete critical road work needed to improve watershed health and to restore fish habitat for several threatened and endangered aquatic species was deferred. For example, the Siuslaw National Forest was not able to complete the Farmer-Bunn Creek culvert project. This project consisted of replacing two undersized and failing culverts. Not getting this project accomplished is putting the road at risk due to culvert failure, as well as adversely affecting water quality in streams populated by Coho salmon, a listed species.
- In Region 6, funds to be spent on road maintenance and storm damage risk reduction projects that are subject to intense winter precipitation events were deferred. This maintenance and work is critical to minimizing the sediment that moves from these roads to area streams. For example, the Willamette National Forest was not able to complete the Gray Larison and Gold Coffeepot Road Storage projects. The impact is that 10 miles of road system will not be properly prepared for long-term storage, and it is likely that there will be road failures and culvert washouts that result in sediment loads reaching fish streams, which could result in negative impacts to Bull Trout and other fish populations in the watershed.
- In Region 9, on the White Mountain National Forest, safety and accessibility issues to be addressed as a part of the Lower Falls Recreation Reconstruction Project went uncorrected, meaning that various facilities, trails and bridges had to close or stay closed. On the Chippewa National Forest, trail upgrades to make a newly installed restroom facility handicap accessible were not done.
- In Region 9, on the Shawnee National Forest, a new partnership with Ducks Unlimited was not funded, resulting in the loss of at least \$20,000 in matching funds and significantly more in matching funds from the Illinois DNR. On the Superior National Forest, a structurally deficient forest highway bridge will not be replaced, requiring road closure and making it more difficult for the public to access this area.

Figure 5: Forest Service Regions



Wildfire Funding Reform

Bipartisan legislation has been introduced in both the House and Senate that would allow disaster funds to be used in responding to select extreme wildfires.²³ These funds would effectively not be subject to statutory spending limits like the FLAME Act's perpetually underfunded suppression reserve account.

The House bill (H.R. 3992, the Wildfire Disaster Funding Act), introduced by Reps. Mike Simpson (R-ID) and Kurt Schrader (D-OR), now has 25 cosponsors—14 Republicans and 11 Democrats, including Natural Resources Committee Ranking Member Peter DeFazio (D-OR).²⁴ Sens. Ron Wyden (D-OR) and Mike Crapo (R-ID) are the original sponsors of the Senate legislation (S. 1875).²⁵ In addition, both the Interior Department and the Forest Service have similar proposals in their FY2015 budgets.

The Budget Control Act of 2011 (BCA) includes limits on discretionary spending with certain allowable adjustments. These upward adjustments are allowable for budget authority designated as any one of the following:

- Emergency Requirement
- Overseas Contingency Operations/Global War on Terrorism
- Continuing Disability Review and Redeterminations
- Healthcare Fraud Abuse Control
- Disaster Relief

The legislation would establish another allowable adjustment for wildfire. This upward adjustment would give new budget authority for wildfire expenses that exceed 70 percent of average annual wildfire suppression spending over the last 10 years, with a maximum annual adjustment equal to \$2.689 billion.

The rationale for the 70 percent figure is that in recent experience, 1 percent of wildfires accounted for 30 percent of the wildfire suppression costs. Therefore, costs above 70 percent of average suppression spending are assumed to be associated with a wildfire season with extreme wildfire activity. The legislation treats such extreme wildfires as disasters that should be funded outside statutory discretionary spending limits, as is the case for other disasters such as hurricanes, tornadoes and floods.

The legislation also includes a provision to keep overall budget authority in check. This provision would reduce the existing disaster relief adjustment to offset any spending under the new budget

²³ According to the Forest Service's FY2015 Budget Justification (available at <http://www.fs.fed.us/aboutus/budget/2015/FS15-FS-Budget-Justification.pdf>), funds within the budget cap adjustment will only be accessible for wildland fire suppression operations if one or more of the following criteria are met and a declaration has been issued by the Secretary of Agriculture:

- a fire has required an emergency Federal response based on significant complexity, severity, or threat posed by the fire to human life, property, or resource;
- the fire covers 1,000 acres or more;
- the fire is within 10 miles of a major urban area (defined as 50,000 inhabitants or more); or
- the cumulative costs of wildfire suppression operations will exceed all of the amounts previously appropriated within 30 days.

²⁴ H.R. 3992, available at <https://www.govtrack.us/congress/bills/113/hr3992>.

²⁵ S.1875, available at <https://www.govtrack.us/congress/bills/113/s1875>.

authority created for wildfire. If the wildfire adjustment for FY2014 was \$1 billion, for example, then the FY2015 adjustment for disaster relief would be reduced by \$1 billion.

Budget authority for the disaster relief adjustment historically has been more than sufficient, so such a wildfire adjustment is not expected to negatively impact disaster relief. Moreover, the adjustment for disaster relief is based on average spending over the previous 10 years and would include wildfire suppression spending. Average disaster relief budget authority would therefore rise with wildfire suppression spending.

The FY2015 budget resolution produced by House Budget Committee Chairman Paul Ryan (R-WI) opposes this approach even while recognizing that “transfers occur frequently, because wildfire suppression is underfunded almost every year.”²⁶ The resolution proposes to increase appropriations for wildfire suppression but would leave in place the current system, so the Forest Service and Interior Department would still be forced to borrow funds if wildfire suppression ends up costing more than appropriated. Given current conditions on the ground, including drought in the West, that’s a risk that shouldn’t be taken.

* * *

Democrats and Republicans agree that the current approach to funding wildfire suppression is both an unsound budgeting practice and an inefficient use of taxpayer funds. It destabilizes important programs and fails to sufficiently address the increasing severity of extreme wildfires. Treating extreme wildfires as any other natural disaster is a common sense solution and would allow Interior and the Forest Service to focus more time on their core missions rather than on budgetary shuffling. Congress should stop playing with fire and act swiftly to give these agencies the resources they need to protect our forests and the American people from extreme wildfires.

²⁶ See footnote 2.

Appendix: Wildland Fire Management Enacted Appropriations, FY2005-FY2014, by Account (millions)

Agency/Account	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 ^a	FY 2014	10-Year Change Current Dollars (% change)	10-Year Change Constant 2013 Dollars ^b (% change)
Forest Service												
WFM ^c	2,098.5	1,846.1	2,193.6	3,269.5	2,831.6	2,516.7	2,058.5	2,050.2	2,547.6	3,077.3	978.8 (47%)	650.6 (27%)
PRE	676.5	660.7	665.4	665.8	675.0	675.0	673.7	1,004.4	948.7	1,057.6	381.1 (56%)	275.3 (35%)
SUP	648.9	690.2	741.5	845.6	993.9	997.5	995.5	538.2	509.8	680.5	31.6 (5%)	-69.9 (-9%)
HAZ	262.5	280.1	301.3	310.1	328.1	350.3	349.6	317.1	301.1	306.5	44.0 (17%)	2.9 (1%)
REH ^d	12.8	6.1	6.2	10.8	11.5	11.6	11.5	--	--	--	--	--
FLAME	--	--	--	--	--	413.0	290.4	315.4	299.0	315.0	--	--
EMG	395.5	100.0	370.0	1,326.0	700.0	--	--	--	379.9	600.0	--	--
Department of the Interior												
WFM	831.3	855.3	853.4	1,192.1	924.5	855.9	778.9	575.4	810.2	861.5	30.2 (4%)	-99.8 (-10%)
PRE	258.9	268.8	274.9	276.5	281.8	290.5	290.5	276.5	264.8	281.9	23.0 (9%)	-17.5 (-6%)
SUP	218.4	230.7	249.2	289.8	335.2	383.8	399.0	270.5	276.7	285.9	67.4 (31%)	33.3 (13%)
HAZ	201.4	208.1	199.8	199.6	203.1	206.2	183.3	183.0	137.7	145.0	-56.4 (-28%)	-87.9 (-38%)
BAR	24.0	24.1	22.8	24.2	20.3	20.3	33.2	13.0	12.3	16.0	-7.9 (-33%)	-11.6 (-42%)
FLAME	--	--	--	--	--	61.0	60.9	91.9	91.7	92.0	--	--
EMG	98.6	100.0	95.0	384.0	65.0	--	--	--	15.5	28.5	--	--
Total (FS & DOI)												
WFM	2,929.8	2,701.4	3,047.0	4,461.5	3,756.1	3,372.6	2,837.4	2,625.7	3,357.8	3,938.8	1,009.0 (34%)	550.7 (16%)
PRE	935.4	929.5	940.2	942.3	956.8	965.5	964.1	1,281.0	1,213.5	1,339.5	404.1 (43.2%)	257.8 (24%)
SUP	867.3	920.9	990.7	1,135.4	1,329.1	1,381.3	1,394.5	808.7	786.5	966.4	99.1 (11%)	-36.6 (-3.7%)
HAZ	463.9	488.2	501.0	509.7	531.1	556.5	532.9	500.1	438.7	451.5	-12.4 (-3%)	-85.0 (-16%)
REH	36.8	30.3	29.0	35.0	31.8	31.9	44.7	13.0	12.3	16.0	-20.7 (-56%)	-26.5 (-62%)
FLAME	--	--	--	--	--	474.0	351.0	407.2	390.6	407.0	--	--
EMG	494.1	200.0	465.0	1,710.0	765.0	--	--	--	395.4	628.5	--	--

Source: Information in this table is derived from detailed funding tables prepared by the House Committee on Appropriations and compiled by the Congressional Research Service.

Notes: Figures generally reflect supplemental appropriations and rescissions, but do not reflect scorekeeping adjustments. The account abbreviations are listed below.

WFM	Wildland Fire Management account total
PRE	Preparedness
SUP	Suppression
HAZ	Hazardous Fuels (FS) or Hazardous Fuel Reduction (DOI)
REH	Rehabilitation (FS)
BAR	Burned Area Rehabilitation (DOI)
EMG	Emergency Appropriations

Subaccount values provided will not equate to total WFM value provided because there are other WFM line items not included in the table (e.g., joint fire sciences program).

a. FY2013 reflects post-sequester appropriations.

b. Current dollars were adjusted to constant 2013 dollars using the GDP index published by the Bureau of Economic Analysis in National Income and Product Accounts Table 1.1.9, available at <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&903=13>. An index for 2013 was also used for FY2014 constant dollar computations as a 2014 index was not available.

c. Does not include state fire assistance or volunteer fire assistance funding under the FS State and Private Forestry account.

d. The FS proposed to terminate this line item in FY2012 stating, "The type of work previously accomplished through this line item will continue to be carried out by the Integrated Resource Restoration line item."