Defining Success for the Wildfire Funding Fix

By Ryan Richards  June 2018
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The federal government’s commitment to fight forest fires is nearly as old as the U.S. Forest Service (USFS) itself, predating Smokey Bear by decades. More than a century ago, in the summer of 1910, widespread wildfires famously burned across the West; in just two days, thousands of individual fires burned 3 million acres in western Montana and northern Idaho, destroying towns and killing at least 85 people.1 The season of deadly fires proved to be a turning point for public land management agencies, which until then had made limited investments in wildfire management. The USFS’ aggressive commitment to extinguishing wildfire was in full effect by 1935 when they adopted a 10 a.m. policy, in which they sought to extinguish every fire by 10 a.m. the day after it had been reported.2 Through fire suppression efforts—including the 10 a.m. policy and education campaigns starring Smokey Bear—the USFS and the Bureau of Land Management (BLM) heavily prioritized short-term benefits over the long-term repercussions of minimizing fire on forest landscapes. With the aid of ecological research, however, we now have a much better sense of how fire plays a role in maintaining healthy forests. Removing natural fire patterns from America’s forest landscapes for decades has thrown natural processes and ecosystems out of balance.

As communities have sprawled further into forested landscapes, the imbalance in fire patterns has created major problems. Since 2000, almost 125 million acres of forests—an area larger than California—have burned in the United States, destroying on average an estimated 2,600 structures every year and causing dozens of fatalities.3 Public land agencies have gone to great lengths to protect communities and private property, and as a result, taxpayers have footed an ever-larger bill for wildfire suppression. By 2017, fire expenditures for the federal government had ballooned to $2.9 billion—equivalent to the operating budget of the entire U.S. Fish and Wildlife Service (FWS).45

Wildfire suppression costs have consistently outpaced appropriations from Congress. In 9 of the 10 years between fiscal years 2007 and 2016, the USFS or the Department of the Interior (DOI)6 have been forced to rely on emergency
appropriations or diverted funds from other activities—including prescribed burning and other tools that reduce the risk of catastrophic wildfire in the first place—in order to pay for the growing costs of firefighting. Known as fire borrowing, this process has essentially hamstrung the agencies’ ability to fulfill their various other missions.

After years of negotiations and failed bipartisan efforts, Congress finally addressed the long-standing wildfire funding problem in March 2018. The fire funding fix, as it’s known, creates a disaster fund starting in FY 2020 that the USFS and DOI can tap into to pay for the most expensive fire seasons. Similar to how the federal government currently budgets for other natural disasters such as hurricanes or earthquakes, the new fund would help to ensure that land management agencies can fight wildfires—even during extraordinary seasons—without depleting much-needed funding from other parts of their budgets.

There’s no doubt that the wildfire funding fix legislation was a welcome and overdue development; however, the legislation also included several provisions for management that could spell trouble for federal forests and the communities that depend on them. The bill introduces new exemptions to key environmental reviews that, without additional sidebars and checks on implementation, could provide a backdoor to large-scale logging projects across millions of acres without addressing the issues of fire risk or forest health. It also missed an opportunity to ensure that forest restoration creates local jobs and benefits local communities.

To that end, the Center for American Progress offers several recommendations for the USFS, DOI, and Congress to ensure the fire funding fix, when it begins in 2020, benefits both forests and the communities that rely on them. CAP’s recommendations include:

• Give federal agencies real planning and budgeting tools—not legislated loopholes from environmental laws—to manage for public safety and ecological health.

• Increase staffing for nonfire positions so that federal agencies can support conservation, outdoor recreation, and other projects that have received less attention because of fire borrowing.

• Support neighboring economies and create local jobs by allocating a greater proportion of seasonal and project-specific contracts to local firms.
• Invest in better data on wildfire potential, watershed condition, and ecosystem health to inform both agencies and the public.

• Create incentives for innovative, sustainable timber products that utilize the wood produced by sound forest restoration practices.

• Protect communities from wildfire by passing effective local and state policies that encourage wildfire preparedness and reduce risk.

The wildfire funding fix could truly be a transformational moment for the USFS and other land management agencies, potentially freeing up more than $1 billion a year to better fulfill their missions, such as restoring ecosystems and creating more opportunities for outdoor recreation. But if not implemented correctly, it could instead become both a huge missed opportunity to strengthen local economies and a glide path to large-scale logging that does little to protect communities or make forests more resilient. Taking the steps listed above will help ensure that the federal government makes the most of this occasion for the benefit of rural communities and the health of our nation’s forests.
Congress’ fire funding fix

There has been broad bipartisan agreement that the fire borrowing approach is unsustainable. Wildfire suppression costs have grown from 16 percent in 1995 to nearly 50 percent of the USFS budget in 2015. And the combination of degraded forest conditions, a changing climate, and widespread expansion of communities into forested lands means that the firefighting costs would have continued to climb, limiting forest management activities under the old funding system.

The 2018 omnibus spending bill codifies a solution to end the practice of fire borrowing by creating a new budget structure that allows federal land management agencies to access money from a newly created, separate disaster fund during the most costly wildfire seasons instead of drawing funding from other agency projects. Beginning in FY 2020, the USFS and DOI will have access to a disaster funding account to pay for wildfire fighting costs beyond the approximately $1.1 billion budgeted amount for wildfire suppression costs in FY 2015. This contingency fund is currently authorized through FY 2027, with an initial funding level of $2.25 billion in 2020 that grows annually to $2.95 billion by 2027.

In addition to the creation of disaster funding, Congress modified a contracting tool that the USFS and BLM use to make it easier for staff to partner with businesses on restoration projects. Called stewardship contracts, these agreements allow the agencies to exchange timber instead of cash payments to contract private companies for long-term restoration and forestry projects. The spending bill extended the maximum length of these agreements from 10 years to 20 years. This has the potential to improve the pace and scale of restoration, and research has shown that stewardship contracts can benefit local economies—but only if local businesses are used. Unfortunately, the criteria for stewardship contracting, in particular its emphasis on the best economic value, may favor larger regional and national businesses over local firms, missing an opportunity to create local jobs.
Congress also paired the disaster funding with several tradeoffs, including significant new exemptions from environmental reviews under the National Environmental Policy Act (NEPA). Chief among these are categorical exclusions for projects up to 3,000 acres—almost 5 square miles—for the removal of hazardous fuels. This new loophole applies to at least 50 million acres of national forests, including all national forests that fall within the wildland-urban interface (WUI)\textsuperscript{14}—areas where communities and homes are within or adjacent to wildlands. Forests that have not burned within a historically typical interval\textsuperscript{15} are also subject to potential categorical exclusions, so long as the project has been developed through a collaborative process.\textsuperscript{16} This means that large and potentially damaging projects on public lands can skip the standard public comment and review process that helps to minimize or avoid environmental degradation and move straight to implementation without a guarantee of public benefit.

Other trade-offs include waiving Endangered Species Act (ESA) regulations that require the USFS to promptly consult with the FWS on the effects of forest plans when a new species is added to the ESA or new critical habitat is designated.\textsuperscript{17} This means that now, the agency won’t have to change their forest plans to account for new information, even when that information reveals that USFS plans threaten the survival of a species. Additionally, the bill included a provision to expand the scope of the Good Neighbor Authority, which currently permits the USFS and BLM to partner with states for management activities such as watershed restoration when projects occur on national forest land and neighboring state or private land.\textsuperscript{18} The fire fix bill added roads to the list of acceptable projects under the Good Neighbor Authority, which has raised both environmental and labor concerns. Such an expansion could create an incentive for states to build roads through federal public lands for timber sales, and states often include fewer protections and lower wages for workers in their contracts than the federal government.
The fire fix could lead to positive change in the nation’s forests

Ending fire borrowing could free up roughly $1.3 billion annually that had been redirected to pay for firefighting. For the USFS, this could effectively restore what has frequently been a 28 percent cut to its budget due to fire borrowing needs when the disaster funding begins in 2020. This will also allow federal agencies to invest in the wide range of activities they are responsible for in national forests and other lands, including the protection of drinking water sources, ecological restoration, and infrastructure maintenance for the outdoor recreation economy.

These are all critically important activities, especially for the USFS and BLM, as the agencies manage land for the myriad uses and benefits they provide for society. Many of these uses revolve around the importance of federal lands as headwaters for rivers across the country. An estimated 180 million people—more than 50 percent of all Americans—rely on national forests for clean, reliable drinking water. Concern over the connection between forests, wildfire, and drinking water sources has resulted in a growing movement of cities and water districts to fund restoration projects in partnership with the USFS to protect headwaters and surrounding forests.

The overall condition of the watersheds within national forests has become a concern for ecological reasons as well. Thousands of culverts and road crossings bisect rivers and streams within national forests, creating barriers for fish and other aquatic life. In fact, recent research has found that almost half of all river miles in the West have been modified from their natural state. These modifications have a significant geographic footprint; the USFS estimates that more than 118 million acres of western watersheds within national forest lands are in poor ecological condition. This threatens both species’ survival and the $35 billion recreational fishing industry.

The end of fire borrowing will also help to protect communities and rural economies by allowing land management agencies to invest in projects that reduce
the risk and severity of destructive wildfires in the WUI and other critical areas such as municipal watersheds. Preventative measures, such as controlled burns that mimic historic fire patterns, clear vegetation that can build up and contribute to catastrophic wildfires that threaten communities. These types of projects have been used in places such as Ashland, Oregon, to protect drinking water sources, and around Bend, Oregon, to protect homes. Risk reduction projects also include reforestation in the aftermath of fires, when planting trees can be critically important to avoid erosion and potentially deadly mudslides in burned areas, such as those that devastated Montecito, California, in January 2018.

Finally, freeing up funding helps to increase direct economic activity within national forests, including in growing sectors such as outdoor recreation. National forests are major assets for rural communities to diversify their economies and capitalize on growth in outdoor recreation; USFS lands are estimated to support $13 billion in economic activity and 205,000 jobs primarily in neighboring communities. The USFS estimates that it has a $5.5 billion backlog in infrastructure improvements, from trail maintenance for hikers and bikers to culvert removals that restore fishing streams. Addressing wildfire in this new way gives USFS staff greater leeway to invest in the natural resources that make national forests such valued public lands.
Despite the clear need to protect communities and restore ecosystems, the policy gaps and categorical exclusions from environmental reviews under NEPA that are included in the omnibus spending bill leave open the potential for misuse and may keep the fire fix from delivering much-needed benefits.

The main cause for concern is that the policy changes in the omnibus spending bill may not result in science-based forest restoration that benefits communities and ecosystems but instead lead to an emphasis on timber practices that provide only limited short-term gains. It’s important to note that forest restoration does not necessarily mean more logging and tree thinning; in fact, recent reviews have shown that tree thinning—what many timber groups advocate for when discussing restoration—has little to no effect on reducing future fire severity unless prescribed fire is also used. Restoration means managing a forest to reflect its historical ecological state in a certain place, with native species and processes such as wildfire occurring in more natural patterns. In addition to thinning and prescribed burning to change forest structure, restoration activities can include things such as replanting native plants or improving streams to benefit the overall ecology of a forest.

Part of this concern is based on the decades-old focus on acres thinned and board feet harvested as metrics for success. These continue to affect agency priorities, drawing attention away from broader objectives such as ecosystem conditions and public safety that the wildfire funding fix is intended to support. The USFS estimates that its current rate of restoration is 2–4 million acres annually, and that 65–82 million acres of national forest land are in need of restoration.31 Even doubling their efforts through newly available funding would require decades of work to protect communities and make forests more resilient.2 Getting the most out of the wildfire funding fix means targeting agency capacity toward improving forest resilience and proactively reducing fire risk to communities. At present, however, there is limited public information on where forest restoration provides the greatest return and how specific restoration goals
are accomplished. Absent these data, it is difficult to tell whether restoration projects or the latest legislated categorical exclusions are delivering much-needed public benefits or simply timber for logging projects.

The misguided focus on eliminating environmental review rather than creating real solutions could also undercut efforts to make the most of the wildfire funding fix. Legislating exemptions from environmental review for projects on millions of acres of national forests within the WUI and designated categorical exclusion zones would have little effect on progress toward more resilient forests. Instead, these exemptions are tailored to satisfy incorrect assumptions that environmental review is a problem and that logging is a solution. Critics of environmental review have long argued that the opportunity for public input and litigation impedes projects meant to improve forest health. But the data don’t support these conclusions. In fact, there are millions of acres of projects, including roughly 1.6 million acres in Oregon alone, that have already completed environmental review and are waiting on funding for implementation. And studies conducted by the Government Accountability Office and others on the frequency of litigation over fuels reduction programs have found that the impact is actually very low—affecting as little as 2 percent of the fuels reduction projects during study periods.

Prior to the omnibus spending bill, USFS officials acknowledged that their existing authorities were sufficient to do restoration work and had already cultivated more partnerships for on-the-ground projects than any other time in the agency’s history. Circumventing public input through categorical exclusions would not improve their capacity and may instead result in a bias toward certain types of management actions, such as timber production, that would not resolve the ecological and public safety challenges that the federal land agencies face.

If there is to be a serious commitment to improving public safety and forest resilience, Congress should empower federal agencies to focus on the condition of the larger forest landscape when investing in restoration. This wider perspective is important, as a growing body of research shows that private forestlands that are managed for timber can amplify the intensity of wildfire on a landscape, complicating management for federal agencies. Despite recent advances in geospatial data collection and analyses, the management tools that predict wildfire potential draw from aging databases—some of which may not reflect recent events such as wildfires that forest managers need to know about in order to plan future projects. While the wildfire funding fix language directs
the creation of a wildfire severity mapping tool by 2020, the Trump administration has consistently requested cuts to the research arm of the USFS, which would be responsible for the development of such a tool.39

Finally, the wildfire funding fix does little to address the most important factor in the rising costs of wildfire—the expansion of human developments into forested landscapes. The WUI—as defined by the USFS—is estimated to cover more than 190 million acres across the nation, including homes and businesses for more than 98 million people.40 What happens in the WUI in the near future will influence whether the wildfire funding fix is considered successful. Addressing development in these regions directly through the omnibus bill may not have been appropriate, but there is a clear need for greater preparedness in existing communities and for smart guidelines in order to avoid development in high-risk areas in the future.
Recommendations for a successful wildfire funding fix

The increase in funding for nonfire activities should allow for a wide range of projects to proceed in public lands across the country. The following recommendations would ensure that these resources best serve national forests and rural communities.

Give federal agencies real tools to manage for public safety and ecological health

The geographic areas highlighted for restoration and fuels reduction in the omnibus spending bill—the WUI and forests with certain characteristics—reflect an emphasis on improved public safety and ecological health that current planning or budgeting processes do not fully capture. The reliance on historical metrics—units of measurements such as acres treated and board feet cut—do not reflect progress toward meeting these objectives. Addressing the health of forest landscapes and the protection of neighboring communities requires a more comprehensive approach, including changes to both planning and budgeting processes.

To ensure that forest restoration efforts are applied to meet these goals, Congress should work with agencies to initiate planning approaches that consider landscape-level conditions and engage outside stakeholders early in the process to define science-based restoration objectives and draw on expertise in local ecosystems and communities. Some progress has already been made in establishing these processes in individual national forest units, notably through the Collaborative Forest Landscape Restoration Program. In Arizona, for example, staff from several national forests engaged local stakeholders to conduct a landscape-scale environmental impact statement that planned and prioritized restoration projects across 1 million acres of forests. The USFS is currently evaluating ways to make its planning processes more effective, including through the increased use of landscape-scale decision-making, and congressional support to apply these collaborative planning tools should be prioritized over categorical exclusions.
In addition to initiating planning tools, Congress should work with agency staff to ensure budgeting mechanisms and metrics are suitable for pursuing management objectives. For example, the USFS piloted a new budgeting approach in three of its regions, called the Integrated Resource Restoration, to give managers the flexibility to assign funding from different line items—such as vegetation management, habitat restoration, or road and trail maintenance—toward the overall goal of ecological health. The program, however, received no direct funding for FY 2018 and is eliminated in the president’s budget request for FY 2019. Congress should consult with USFS staff and other policy experts to improve and re-initiate this approach—or create a similar tool that allows for flexibility and accountability in pursuit of forest resilience and public safety—when the fire fix takes effect in 2020.

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**Build staff capacity that matches management needs**

The strain of fire borrowing on USFS and DOI budgets is evident in staffing trends as well as in changes in the forest projects that receive funding. The number of nonfire personnel at the USFS has declined from 18,000 in 1995 to 11,000 in 2015. This has affected the number of restoration projects that the USFS can manage and execute, as well as the partnerships in which staff have been able to engage. In addition, the USFS has lost significant capacity to conduct the necessary research to support effective forest restoration. Investing in staff support would provide critical capacity for environmental reviews, contracting, forest planning, and outdoor recreation—all of which would help use funding more effectively to benefit forests and rural economies.

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**Use restoration work to support local communities**

Increasing our investment in America’s forests by redirecting funds that had been sunk into wildfire suppression has the potential to create thousands of jobs in rural communities. But current contracting rules and staffing capacity issues have led to a shift in the USFS’ procurement of labor and services from local businesses to larger regional contractors. The extension of stewardship contracts from 10 years to 20 years could further institutionalize this bias, unless the USFS and BLM commit to utilizing local businesses for work in neighboring national forests. Supporting these types of businesses also helps to diversify local economies. Congress should consider permanent reauthorization of the
local preference authority, which was first passed in the 2012 omnibus spending bill. This authority allows USFS contracting officials to give preference to local contractors in economically disadvantaged rural communities. Congress should consult with agency staff to determine how this authority can be better utilized under stewardship contracting and other forms of contracting work to create jobs for local communities.

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**Invest in better data on wildfire potential, watershed condition, and ecosystem health for both agencies and the public**

The omnibus spending bill requires the USFS to generate a map of wildfire hazard severity within two years of the bills’ passage to better inform communities across the United States of the fire potential they face. This is critically important, as current models rely on aging data. Wildfire maps are not the only data source that should be improved; updated information on the condition of watersheds and of neighboring forests on private lands are also critically important to protecting natural resources as the climate changes, especially given the numerous benefits of healthy watersheds and emerging evidence that private lands that are managed for timber—which often abut national forests—play a significant role in increasing the severity of wildfires.

Despite the importance of collecting and utilizing good data, the Trump administration has consistently requested cuts to the research and development programs that provide these services for forest managers and the public. Congress should ensure that the administration funds and supports these programs and that they meet the needs of forest managers and local and state partners. In particular, Congress should require that the data are frequently updated; tailored for use at the local level (e.g., national forest units and counties); consistent with forest management goals; and available online.

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**Provide federal incentives for innovative timber products**

The end of fire borrowing and the introduction of 20-year stewardship contracts were both intended to increase the pace and scale of forest restoration. Finding cost-sharing partnerships with private businesses has been challenging, however, because many restoration projects have produced low-diameter timber that generates little commercial value. Congress should use the next farm bill to
continue support for research on new timber products, such as cross-laminated timber for tall buildings, and explore other means to spur both demand for these climate-smart wood products and infrastructure investments adjacent to national forests that provide local jobs through the restoration economy.

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Use federal, state, and local policies to better protect communities from wildfire

Funding firefighting through disaster accounts is a welcome relief for federal land agencies, but it only helps to address the risks of wildfire from one angle. In addition to fostering more healthy, resilient forests, the nation should strive to avoid disasters through smarter development and growth in the WUI in order to save lives and property from wildfire. Much like urban planning, greater thought and discussion should be given to what is needed at the state, county, and local levels to ensure that communities are firewise and that incentives—such as insurance or technical assistance programs—encourage individuals and communities to proactively prepare for fires.
Conclusion

The end of fire borrowing marks a major change to forest policy and comes at a crucial time, given the poor state of many watersheds and ecosystems on national forest land. But the freed-up funding is not sufficient to sustain the health of forests and rural communities for future generations, and exclusions from bedrock environmental laws may create an on-ramp to accelerated logging rather than public safety or ecological benefits. Congress and the Trump administration must ensure that these tools are used responsibly and that the old approach to forest management—with its focus on logging and acres treated—is replaced with a smarter approach that evaluates the broader ecological and economic values that forests provide. Communities, rural economies, and the health of our forests for future generations would all benefit from this critical support.

About the author

Ryan Richards is a senior policy analyst for the Public Lands team at the Center for American Progress.

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Endnotes


5 Wildfire suppression costs for states are more difficult to determine. Estimates for 10 Western states in 2015 placed costs at approximately $1.5 billion, plus federal reimbursements of about $150 million. See Philip S. Cook and Dennis R. Becker, “State Funding for Wildfire Suppression in the Western U.S.” (Moscow, ID: University of Idaho College of Natural Resources Policy Analysis Group, 2017), available at https://www.uidaho.edu/-/media/UIdaho-Responsive/Files/cnr/PAG/WildShed mayores/Research/PAGReport37.aspx.

6 Several agencies within DOI are tasked with wildfire suppression, including the Bureau of Land Management, the National Parks Service, the U.S. Fish and Wildlife Service, and the Bureau of Indian Affairs. References to DOI throughout the report refer to all of these agencies collectively unless a specific agency is mentioned.


15 Specifically, the use of the hazardous fuels categorical exclusion is limited to designated areas within the National Forest System where vegetation is in condition classes 2 or 3 in fire regime groups I, II, or III that contain very high wildfire hazard potential. A fire regime group is a label for a forest type that uses the historical frequency of fire in a location within the forest (e.g., every 1–10 years or more than every 100 years), and condition class labels vegetation based on an evaluation of how long it’s been since a fire in that area. For a USFS definition of Fire Regime Group, see Landfire, “Fire Regime,” available at https://www.landfire.gov/fireregime.php (last accessed May 2018).


19 Estimate based on the difference between FY 2015 wildfire suppression budget amount of about $1.1 billion and recent fire costs from the National Interagency Fire Center, available at https://www.nifc.gov/fireInfo/fireInfo_documents/SuppCosts.pdf (last accessed May 2018).


36 Heller, “Took to focus on existing authorities in tackling fire risks.”

37 Stephens and others, “U.S. federal fire and forest policy: emphasizing resilience in dry forests.”


40 Martinuzzi and others, “The 2010 Wildland-Urban Interface of the Conterminous United States.”


47 Vilsack, “The Cost of Fighting Wildfires is Sapping Forest Service Budget.”

48 Richards, “Restoring our Investment in America’s Forests.”


53 Zald and Dunn, “Severe fire weather and intensive forest management increase fire severity in a multi‐ownership landscape.”


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