Background

The current practice of budgeting and appropriating for an average fire season requires USDA and DOI to rely on fire borrowing to fund excess fire suppression activities. This undermines other important functions, including (but not limited to) critical fire risk reduction activities. It creates a damaging cycle whereby balances are transferred from land management and restoration activities, fire preparedness, construction, and elsewhere within agency budgets to fund suppression. This cycle hinders USDA's and DOI's ability to improve forest health in ways that could mitigate risks and lessen fire damage in subsequent years. Moreover, it creates challenges for agencies and appropriators in establishing a long-term strategy for these other important priorities due to a lack of certainty about how much funding will need to be used to cover suppression activities.

Key Principles

A new funding approach would achieve the following goals:

1. Improve agencies' ability to adequately invest in fire risk-reduction work.
2. Minimize destabilizing funding transfers from other important programs by providing sufficient fire suppression funding, even in fire-heavy years.
3. Improve accountability by establishing appropriate cost controls on suppression spending and clear criteria on what activities are eligible for suppression funds.

The Scope of Potential Future Suppression Funding Needs

To achieve the goals outlined above, it is important to define the "baseline" suppression costs that would be provided each year through existing discretionary funding mechanisms. "Excess" suppression costs, which represent overruns in suppression activities, would be funded outside of the budget through fire disaster cap eligibility as discussed below. Based on USDA and DOI analysis, 1 percent of the fires represent 30 percent of the costs. Therefore, this could be designed to fund 30 percent of the 10-year average and anything over the 10-year average (which currently is funded through transfers) outside the discretionary cap. As part of this, "base" suppression funding and full preparedness funding in regular appropriations would be required to be fully funded before new funds become available.

In addition to determining how much funding will be within the discretionary budget, the upper bound of the fire disaster cap eligibility would also need to be determined. It needs to be sufficiently high to limit the need for either fire transfers or additional changes in the future. An upper bound was calculated based on a growth factor applied to the regression of FY 2013, FY2014 and FY2015 cost estimates. This calculation results in a maximum total suppression funding estimate of $3.65 billion per year, which supports additional funding outside discretionary appropriations of approximately $2.7 billion (based on the 70 percent mentioned in the previous paragraph). This level of adjustment is sufficiently high to prevent the agencies from exceeding in the next several years. The amount funded under the upper bound is adjustable and only a portion of the upper bound would be requested annually in the budget.

This proposal immediately frees up as much as $412 million in discretionary funds, which could be spread to a variety of programs to reduce fire risk, such as hazardous fuels removal.

“Trigger” Mechanisms/Requirements for Accessing Funds under this Proposal

Once appropriate funding levels for both the base and the fire disaster cap eligibility are established, it will be critical to establish clear parameters around access to additional funds. These parameters would set restrictions on what activities can be funded under the disaster cap.

Ten Years of Wildland Fire Suppression Funding

The President’s Request for wildland fire suppression is calculated by taking the average of the previous 10 years’ fire suppression obligations. However, since FY 2003, the actual spending has been below the President’s Request only twice (FY 2009 and FY 2010). Taking the average of the Request and the Obligated from FY 2003 to FY 2012, it is shown that the federal government has needed to spend over one-third more than the President’s Request level during that time period. (Chart 1)

Fire Disaster Cap Eligibility

This proposal would give USDA and the DOI access to funding for fire response under the disaster cap, just as FEMA does for all other major natural disasters, due to the unpredictability of fire activity, the current lack of emergency supplementals, and the damage done to non-fire accounts by fire borrowing. This scenario would have any spending above 70 percent of the 10-year average be paid for under the disaster cap to eliminate borrowing for unanticipated needs, as well as to allow the agencies to get out in front of future fires and prioritize prevention activities.

This proposal would free up as much as $412 million in discretionary funds for fire prevention programs such as hazardous fuels removal, and limit destructive fire-borrowing. For example, for FY 2013, the agencies borrowed $636 million from other accounts to cover the costs of fire suppression. Under this proposal, the anticipated wildland fire season would be funded out of the agencies’ budgets and regular appropriations, and any spending above 70% of the 10-year average would be funded under the disaster cap. Further, under the proposal it is very unlikely there would be fire borrowing in FY 2014 instead of $636 million in fire borrowing in FY 2013.

Chart 1

Year	President’s Request	Discretionary Appropriation	Supplementals	Obligated
FY03	581,050	577,273	-	1,327,138
FY04	799,890	790,033	500,000	1,007,244
FY05	906,923	867,304	493,054	984,054
FY06	934,659	920,907	200,000	1,925,058

FY07	1,003,217	990,662	465,000	1,844,491
FY08	1,205,430	1,135,425	1,060,000	1,851,588
FY09	1,329,138	1,329,138	250,000	1,236,747
FY10	1,855,302	1,855,302	-	1,128,900
FY11	1,269,968	1,745,758	-	1,733,167
FY12	1,217,217	1,215,573	415,500*	1,902,446
FY13	*1,299,508*	*1,219,098***	*636,000**	*TBD*
FY14	*1,373,366*	*TBD*	*TBD*	*TBD*
Average: FY03-FY12	1,110,279	----	----	1,494,083

* This funding did not receive an emergency designation and therefore was counted within the subcommittee's discretionary allocation

** Does not reflect the March 1, 2013, sequester of $60 million for these activities under Public Law 112–25