State Spending on Wildfire Prevention and Mitigation

Presented to:

Assembly Budget Subcommittee No. 3
on Resources and Transportation
Hon. Richard Bloom, Chair
State Has Experienced Many Large and Damaging Fires Since 2000

- Klamath Theater 2008
- Carr 2018
- Rush 2012
- August Complex 2020
- Camp 2018
- North Complex 2020
- Mendocino Valley 2020
- Glass 2020
- LNU Lightning 2020
- Tubbs 2017
- Atlas 2017
- Nuns 2017
- Butte Rim 2013
- CZU Lightning 2020
- SCU Lightning 2020
- Basin Complex 2008
- Creek 2020
- Zaca 2007
- Thomas 2017
- Old 2003
- Woolsey 2018
- Witch 2007
- Cedar 2020
- SQF Complex 2020
- Glass SQF Complex 2020
State and Local Agencies Engage in Range of Wildfire Risk Reduction and Response Activities

Various Activities Related to Wildfire Prevention, Mitigation, Response, and Recovery

CalFire = California Department of Forestry and Fire Protection.
State Spending on CalFire Has Grown

- Total spending on California Department of Forestry and Fire Protection (CalFire) fire protection, resource management, and fire prevention has grown from $800 million in 2005-06 to an estimated $3.3 billion in 2020-21.

- CalFire’s base fire protection budget has grown steadily from over this period. Emergency fire suppression spending varies from year to year based on the severity of the wildfire season.

- Spending on resource management and fire prevention makes up a much smaller share of department spending but has increased in recent years with the addition of spending from the Greenhouse Gas Reduction Fund.
State Budget Has Provided Significant Augmentations for Forestry and Fire Protection in Recent Years

Key State Budget Augmentations for CalFire
2018-19 Through 2020-21 (In Millions)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Year</th>
<th>Amount</th>
<th>Duration</th>
<th>Fund Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Response</td>
<td></td>
<td></td>
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<tr>
<td>Blackhawk helicopters: acquisition</td>
<td>2018-19</td>
<td>$285.2</td>
<td>One time</td>
<td>General Fund</td>
</tr>
<tr>
<td>Blackhawk helicopters: staffing and operations</td>
<td>2018-19</td>
<td>13.8</td>
<td>Ongoing</td>
<td>General Fund</td>
</tr>
<tr>
<td>13 year-round fire engines: staffing</td>
<td>2019-20</td>
<td>32.6</td>
<td>Ongoing</td>
<td>General Fund</td>
</tr>
<tr>
<td>13 year-round fire engines</td>
<td>2019-20</td>
<td>8.3</td>
<td>One time</td>
<td>General Fund</td>
</tr>
<tr>
<td>Innovative procurement sprint: project solicitation and testing</td>
<td>2019-20</td>
<td>15.0</td>
<td>One time</td>
<td>General Fund</td>
</tr>
<tr>
<td>Air tankers contract and staff</td>
<td>2019-20</td>
<td>13.0</td>
<td>Ongoing</td>
<td>General Fund</td>
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<tr>
<td>Heavy fire equipment operator staffing</td>
<td>2019-20</td>
<td>10.6</td>
<td>Ongoing</td>
<td>General Fund</td>
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<tr>
<td>Relief staffing</td>
<td>2020-21</td>
<td>85.6</td>
<td>Ongoing</td>
<td>General Fund</td>
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<tr>
<td>Innovative procurement sprint: fire projection software</td>
<td>2020-21</td>
<td>4.4</td>
<td>Ongoing</td>
<td>General Fund</td>
</tr>
<tr>
<td>Fire Prevention and Forest Management</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Forest health and fire prevention grants</td>
<td>2019-20</td>
<td>$165.0</td>
<td>Annually, five years</td>
<td>GGRF</td>
</tr>
<tr>
<td>Prescribed fire crews</td>
<td>2019-20</td>
<td>35.0</td>
<td>Annually, five years</td>
<td>GGRF</td>
</tr>
<tr>
<td>Wildfire prevention and recovery legislation</td>
<td>2019-20</td>
<td>10.0</td>
<td>Ongoing</td>
<td>GGRF</td>
</tr>
<tr>
<td>Forest management</td>
<td>2019-20</td>
<td>8.9</td>
<td>One time</td>
<td>Proposition 68</td>
</tr>
</tbody>
</table>

* Increasing to $49.7 million upon full implementation in 2023-24.
* Increasing to $7.6 million ongoing.
* Grant funding was not included in the 2020-21 budget because the Legislature did not adopt a GGRF expenditure plan.
* Decreases to $6.4 million ongoing.

CalFire = California Department of Forestry and Fire Protection and GGRF = Greenhouse Gas Reduction Fund.
Options for Increasing CalFire Funding for Prevention and Forest Management

**State Funding Options.** Despite recent funding augmentations, the state faces increasing impacts from wildfires. The Legislature could consider various options for increasing CalFire funding for wildfire prevention and mitigation, as well as the relative trade-offs of each option. This includes funding from:

- **General Fund.** The state has a roughly $140 billion General Fund budget in 2020-21, which is used for a range of programs and services, including education, health and human services, and criminal justice.

- **Special Funds.** For example, the Greenhouse Gas Reduction Fund generates about $3 billion annually and has been used for wildfire prevention and forest health activities in recent years. However, the amount of funding available is subject to uncertainty based on cap-and-trade auction results, and most of the funding is subject to continuous appropriations and other funding commitments.

- **New Taxes or Fees.** The Legislature could approve new taxes or fees and dedicate the revenue to specified activities. For example, this could include charges on property owners in wildfire-prone areas, similar to the previous Fire Prevention Fee.

- **General Obligation Bonds.** Bonds provide a one-time revenue source and typically should not be used for ongoing operations. In addition, bonds should be used for projects that have a longer lifespan so that future taxpayers are able to benefit from the projects for which they are paying.
Options for Increasing CalFire Funding for Prevention and Forest Management

(Continued)

**Important Considerations Around Funding Options for Wildfire-Related Activities.** Determining how to fund activities to reduce wildfire risk can depend on many factors. Key questions in considering the most appropriate funding options—such as state-level funds, locally generated revenues, or a mix of funding sources—include:

- **Problem and Activities.** What is the cause of the problem to be addressed? Who are the responsible parties? What types of activities or projects would address the problem?

- **Beneficiaries.** How broadly would benefits of activities accrue (at the state, regional, or local level)? Would activities result in broad public benefits or more limited regional or private benefits?

- **Nexus Between Activities and Funding Sources.** What entities would pay and at what rates? How closely linked are the sources of new funding with the activities the funds would support? How closely aligned are the potential payers with the responsible parties or potential beneficiaries?

- **Revenues.** How much revenue is needed to support intended activities? How stable or variable would annual revenues be? What are the opportunity costs of using these revenues?