



# Fiscal Framework

**T**he Board of Forestry launched an assessment to determine wildfire costs and losses, all of which are paid for by California's citizens. The Board is incorporating its recommended solutions in its California Fire Plan, which is a policy document for guiding the California Department of Forestry and Fire Protection wildfire programs.

The plan includes a new fiscal framework for assessing and monitoring California's wildfire protection systems, and focuses on annual and long-term changes in wildfire costs and losses.

***The California Fire Plan objective is to reduce total costs and losses from wildfire in California.***

The new fiscal framework will allow state policy makers to systematically identify and assess the changes that affect the state taxpayers in terms of costs and losses. This new fiscal framework will also be used to monitor effects of newprefire management

initiatives.

The California Fire Plan objective is to reduce *total* costs and losses from wildfire in California. In an era of shrinking public revenues, the increasing wildfire problem is creating new challenges for agencies to cooperatively make better use of their available resources. Wildland fire protection agencies are being asked to reduce the costs and losses from wildfires by taking initiatives to reduce the size, severity and damage from the large wildfires that occur in California annually. This requires allocating some resources to this objective and additional front-end investments to reduce the future total costs and losses to California citizens.

The state, local and federal wildfire protection agencies, along with the private sector, have evolved an interdependent system of prefire management and suppression forces. As a result, changes in budgeted levels of any of the entities directly affects the levels of wildfire protection services delivered to the public.

For example, the USDA Forest Service (USFS) recently made policy changes on the management of its emergency firefighting funds, reduced its initial attack fire suppression budget, and reduced budgets for other resource management programs. To deal with these changes, it proposes to cut engine staffing from five firefighters to three and to staff the engines five days a week instead of seven. Staff reductions in resource management programs mean fewer trained employees will be available for management positions on large fires. These cuts equate to a

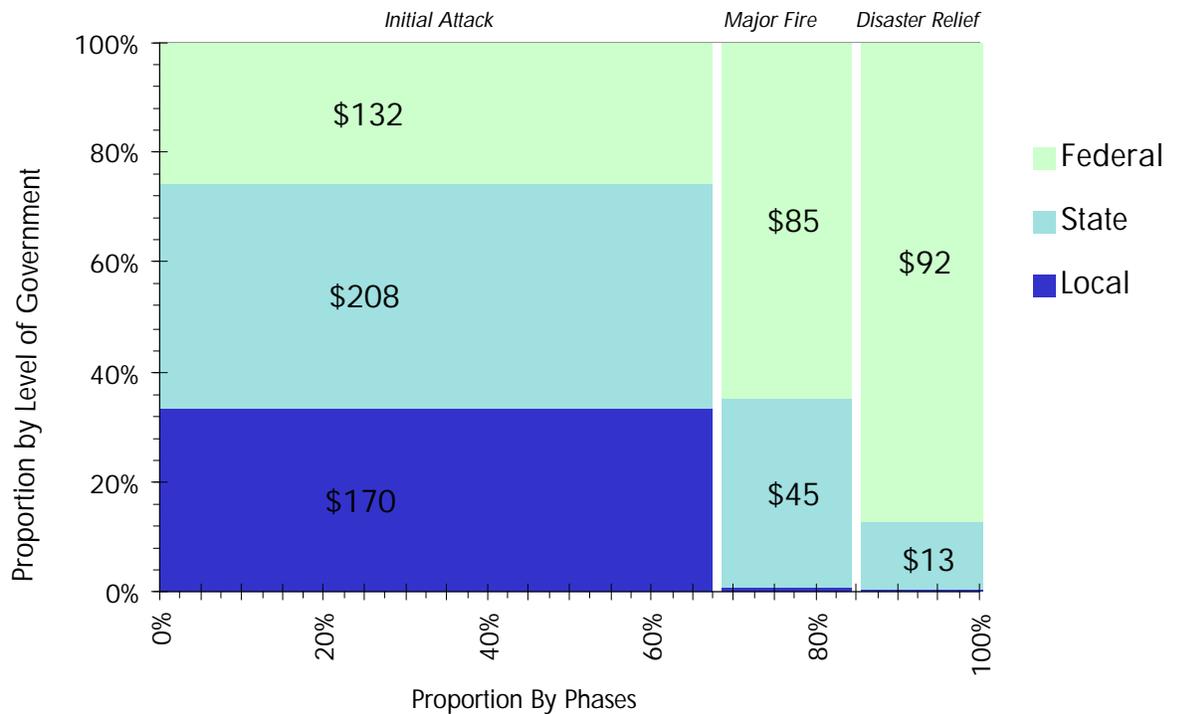
potential 20-50 percent reduction from the USDA Forest Service's 1994-95 suppression capability for California.

The suppression force available to fight large disastrous wildfires on public or private lands is significantly decreased. As a result, unless state and local governments or the private sector then increase their suppression forces, the level of wildland protection service delivered to the public is decreased. And more small fires will become large disastrous fires, thereby increasing the total taxpayer costs and citizen losses at all levels of government.

To assess the future success of CDF along with existing and potential changes in policies and fiscal allocations, the state must also periodically reexamine its relationship with the other sectors that make up the interrelated California wildland fire protection system. The relationship among the three government sectors can be assessed by addressing three questions concerning responses by each sector to California wildland fires:

- Who is responding to reported wildfires? Federal, state or local agencies?
- Who is responsible fiscally for the responses?
- Who is paying for the responses?

Chart 1. Wildland Fire Protection Agency Budgets



Traditionally, the state, federal and local fire protection agencies have evolved with the following program objectives:

- State Department of Forestry and Fire Protection — responsible primarily for protecting private or state-owned wildlands that have natural resource values as designated in the Public Resources Code, and for protecting certain state buildings.
- State Department of Forestry and Fire Protection through the State Fire Marshal — responsible for developing minimum building standards that apply at both the state and local levels for all occupancies designated in the building and fire codes.
- Federal agencies, such as the USDA Forest Service Bureau of Land Management, National Park Service and the Bureau of Indian Affairs — responsible primarily for wildland fire protection of federally owned wildlands.
- Local government fire districts (city and county fire departments) — responsible primarily for protection of homes and other structures in wildlands.

Most of the previous public policy discussion of state, federal and local roles have cited these primary responsibilities for making the initial attack responses when a fire is reported in a wildland area.

However, that kind of discussion is incomplete. *Chart 1, Wildland Fire Protection Agency Budgets*, on page 18 summarizes the estimated 1993-94 state, federal and local governments' costs of California's wildland fire protection system. The chart further identifies wildland fire protection phases — initial attack, major fires and disaster relief — for each level of government.

In the second and third stages, roles and responsibilities get blurred in terms of who is responding, whose responsibility is it and who is paying. Historically, disaster relief is provided by the state to local government when local firefighting resources are overwhelmed. Similarly, federal relief is provided to state and local government when those resources are overwhelmed.

***During fire disasters, state and federal agencies protect homes and people as well as natural resources.***

When a wildfire escapes the initial attack stage and reaches disaster status as a major damaging and costly wildfire, available state, federal and local resources are dispatched to contain the fire and provide disaster relief without differentiating among the primary initial attack roles. The

firefighters make no distinction as to whether they are primarily protecting federal wildlands, state wildlands or structures; they protect whatever is in the way of the fire.

The Agency Budgets chart reflects the fiscal results of that approach. It identifies that annually, significant expenditures are made:

- By the state, federal and local governments to provide initial attack responses to wildland fires.

- By state and federal governments to fight wildland fires on private, federal and state-owned lands.
- By state and federal governments to provide disaster relief resulting from major wildland fires.

The chart shows that state, federal and local agencies spent an estimated \$921 million on California wildfires in 1993-94. About \$172 million of it was spent by 462 locally funded fire departments responding to wildland fires that are the primary responsibilities of the state and federal governments. The local agencies' responses were incidental to their primary initial attack responsibility for structures. In summary, local fire departments' expenditures for wildland fire initial attack responses were approximately 9percent of their total budget for structure fire protection; but cumulatively, the expenditures are significant statewide. The expenditures are significant locally funded expenditures for what is primarily a state (and occasionally a federal) responsibility.

Although data is not yet available, a significant effort is also expended by state (and to some extent the federal) agencies responding to protect structures in wildland areas during the initial attack phase. There are three primary reasons for state, federal and local agencies responding to their counterparts responsibilities, be it structure or wildland resources:

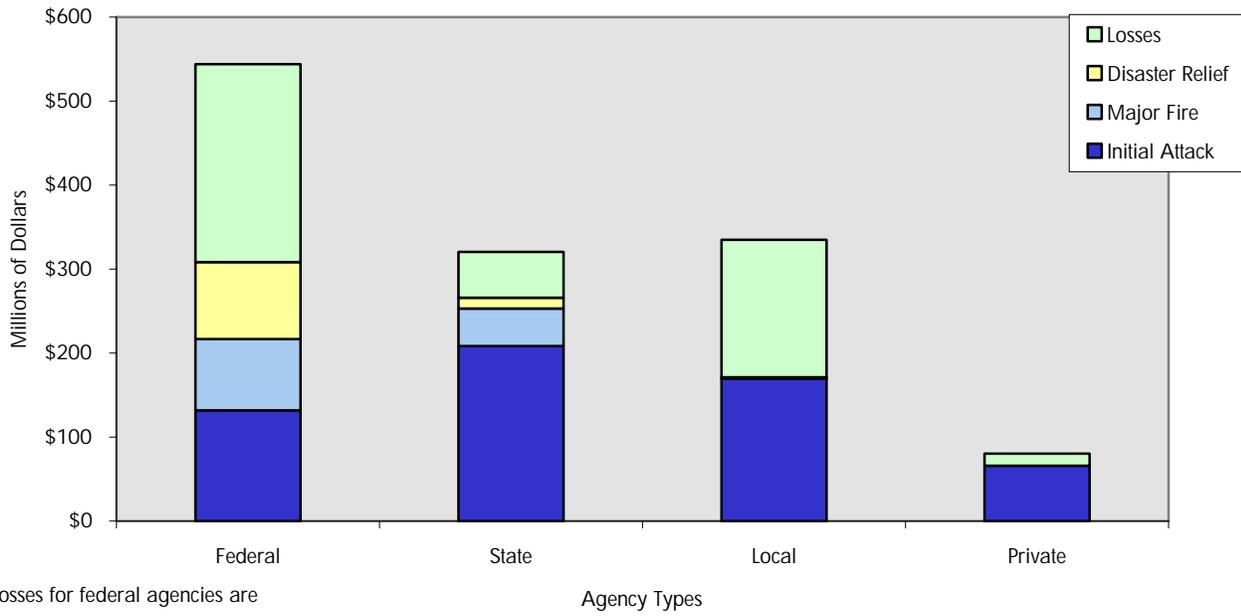
- Under a mutual-aid approach that reduces response times to all fires whichever firefighting unit is closer responds to the fire.
- When natural resources, structures or people are threatened by wildfire, the public doesn't care whether the nearest firefighting unit is funded from their local, state or federal tax dollars. They expect the units to respond as quickly as possible.
- A fire starting on private or federal wildlands, or in a structure on wildlands, if not quickly contained can threaten the other two resources, creating state, federal or local firefighting costs and losses.

***The public doesn't care whether the nearest firefighting unit is funded from their local, state or federal tax dollars. They expect the units to respond as quickly as possible.***

To assess and monitor the total annual costs and losses from California's wildland fires, the annual costs of federal, state and local government agencies reflected in Agency Expenditure Chart are added to the annual losses and private sector costs. *Chart 2, California Wildland Estimated Suppression Costs and Losses*, reflects the total costs and losses from California wildland fires reflected in 1993-94 FY dollars. For losses, a 10-year history was used to derive average annual wildfire losses. Both the Agency Budgets chart and the total estimated Costs and Losses provide a fiscal framework that can be used by the state as well as the federal and local decision makers to identify and monitor trends among the sectors responsible for the total California's wildland fire protection system.

# California Fire Plan

## Chart 2. California Wildland Estimated Suppression Costs and Losses



Losses for federal agencies are estimates only due to insufficient data.

