

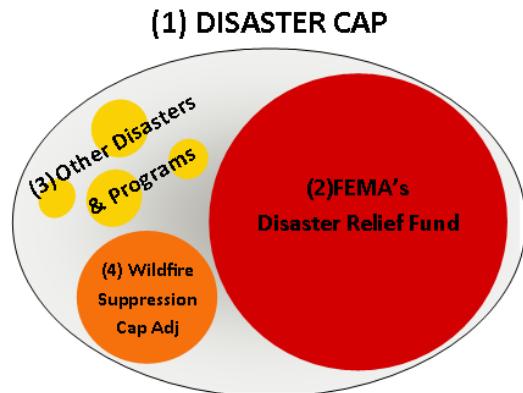
SUMMARY OF ENACTED WILDFIRE SUPPRESSION DISASTER CAP ADJUSTMENT

On March 23, 2018, the FY2018 Consolidated Appropriations Act (2018 Omnibus) included a provision called the Wildfire and Disaster Funding Adjustment (Division O, Title I – page 1787). This provision does two things, by amending the Balanced Budget and Emergency Deficit Control Act of 1985: 1) adjusts the overall disaster cap to keep up with the growing cost of all natural disasters and 2) creates a disaster cap adjustment within the larger disaster cap for suppression activities.

Adjusting the Disaster Cap

A new process to calculate overall disaster cap (gray oval in graphic) levels for the next three fiscal years to ensure all components under the disaster cap have sufficient funding levels. The result will add additional levels as follows:

Fiscal Year	Added Level in Billions
2019	\$4.59
2020	\$5.72
2021	\$6.38



Establishing the Wildfire Suppression Disaster Budget Cap Adjustment

This new wildfire suppression budget cap adjustment (orange circle in graphic) is a ten-year fix, beginning in FY2020 through FY 2027. The ten-year average is frozen at FY2015 level (\$1.011 billion for USFS; \$384 million for DOI) which would continue to be funded out of the discretionary cap, and levels above that 2015 level would now be funded out of the new wildfire suppression disaster cap adjustment. The wildfire disaster cap adjustment levels start at \$2.25 billion in FY2020 and gradually increases to \$2.95 billion in FY2027. USFS and DOI are required to provide Congress with an annual report documenting suppression spending, wildfire events and decision-making processes.

Before FY2020, appropriators will follow the current process to fund suppression in FY2018 and FY2019. In FY2018, they allocated \$500 million above the ten-year level and are expected to appropriate similar levels in FY2019.

This is not a blank check allowing agencies to access these levels of disaster funding. Instead, the administration/agencies will continue to budget for their suppression needs and specify two suppression requests: 1) the frozen 2015 level from discretionary accounts (\$1.011 billion for USFS; \$384 million for DOI) and 2) a calculated level above the frozen 2015 level from the new disaster cap adjustment. Congress is then responsible for appropriating those funding levels to the USFS and DOI. Should the agency require additional levels later in the fiscal year, the administration must submit a request to Congress within 30 days of exhausting the appropriated levels.

BACKGROUND

Q: What is a comprehensive fire funding fix?

A: A comprehensive fire funding fix would create a new funding process for wildfire suppression that results in more stable budgets for the USDA Forest Service (USFS) and the Department of the Interior (DOI), with enough funds to meet suppression needs while ensuring other programs are left intact. A comprehensive fix would address the problem associated with the increasing ten-year average (the level the appropriators use to allocate to suppression), which rarely meets suppression needs.

First, using better predictive modeling would ensure a more accurate budget, instead of using the ten-year average to estimate suppression funding needs.

Secondly, the Interior, Environment, and Related Agencies appropriations cap cannot sustain the current, nor the expected, suppression funding needs without significantly impacting other agencies and programs funded from that cap. Instead, another source of funding, for example through a disaster cap, is necessary to fund a portion of suppression activities that are associated with uncharacteristically large or intense fires that are extraordinarily costly to manage.

Thirdly, allocating appropriate suppression funding levels and sourcing a portion of that funding outside the normal discretionary appropriations process will reduce the need to transfer funds from other programs.

Summary of a comprehensive fire funding fix:

- 1) Address the continued erosion of agency budgets that results from the increasing suppression costs (retire the sole use of the ten-year average);
- 2) Access alternate sources of funding, like the disaster cap, outside of the normal discretionary appropriations process; and
- 3) Significantly reduce the need to transfer from non-suppression accounts and programs.

Q: How is wildfire suppression currently funded?

A: The USFS and DOI are the two federal entities responsible for wildfire suppression. Suppression funding levels are currently based on the ten-year average of suppression costs. The ten-year average includes early years when suppression levels were very low and later years when suppression is very high. As suppression becomes costlier the ten-year average increases from year to year. In the meantime, budgets remain relatively flat for USFS and DOI, which means less funding is made available for other agency programs, and perhaps other programs funded out of the Interior, Environment, and Related Agencies appropriations allocation. And yet, the result is that the ten-year average does not provide the levels necessary for current suppression activities. However, when suppression runs out, both the USFS and DOI have authorities to transfer funds from within their budgets to make up for the shortfalls, impacting non-suppression programs. Unfortunately, the cost of suppression has significantly increased leading to transfers on an almost annual basis. The transfers lead to canceled and delayed projects impacting overall agency budgets and programs.

Q: Why is a fire funding fix necessary?

A: Currently, the USFS and DOI are impacted in two ways, at the front end *and* back end of the fiscal year. As suppression continues to rise, USFS and DOI budgets remain relatively flat. Therefore, as more funding is allocated to the ten-year average for suppression, less is allocated to all other areas of the USFS and DOI budgets. Programs are short-changed at the beginning of the budget process as more is allocated to suppression and less to the programs.

And yet, as the ten-year average for suppression consumes more of the USFS and DOI budgets, it remains insufficient to fund suppression through the end of the fiscal year. As the USFS and DOI flex their transfer authorities, programs are hit again when their budgets are transferred from to make up for the suppression

shortfall. In many cases, even the threat of transfer has impacts - when the agency is directed to stop spending, activities stop as well.

In most years, transfers are repaid through an emergency supplemental. However, often times this does not translate into projects “picking up where they left off”, and the repayments are often redirected to other projects.

In the eleven years between FY2002 to FY2015, the Forest Service did not have the funding levels to meet suppression needs. (See the Coalition WDFA Factsheet for a simpler graph highlighting suppression shortfalls) FY 2010 and FY2011 were the exception, when the FLAME Act was first implemented and funded at a higher level, according to the legislation’s intent. The following table shows the funding levels for suppression since FY2002. Beginning in FY2016, appropriators have allocated levels beyond the ten-year average, to avoid shortfalls. These were temporary increases were could only be guaranteed from year to year. A permanent and comprehensive solution was still necessary.

Q: Why has the FLAME Act not worked?

A: It was the intent of Congress to fund FLAME at levels *greater than* the ten-year average and originally FLAME was funded in this way. However, suppression began to be funded differently when sequestration became a factor in FY2012. As a result, not only were carry-over levels in FLAME rescinded, but FLAME levels were calculated differently. Over the last several years, the ten-year average has been split between annual suppression (under Wildland Fire Management) and FLAME. Since then, suppression, including FLAME, was not funded at levels greater than the ten-year average, leaving the USFS and DOI with insufficient suppression funding, and the cascade of having to transfer then repay from the following fiscal year’s appropriations.

Q: How is the new wildfire suppression cap adjustment different from FEMA’s Disaster Relief Fund?

A: The wildfire suppression cap adjustment is separate from FEMA’s Disaster Relief Fund, both of which “sit” under the disaster cap (see graphic above). Following the graphic, the overall *disaster cap* is recalculated every year based on the ten-year average for all disasters and emergencies minus the highest and lowest years. FEMA makes an annual request for a portion of the disaster cap which is then appropriated into the *Disaster Relief Fund (DRF)* (red circle in graphic), calculated by averaging “normal non-catastrophic disasters”,¹ There are other federal programs (3) that can access the disaster cap for other disaster response.²

Q: How is this enacted cap adjustment different from the Wildfire Disaster Funding Act?

A: The newly enacted wildfire suppression cap adjustment is *very* similar to WDFA, which is what makes this enacted solution so significant. WDFA proposed a cap adjustment in the exact way the new cap adjustment is designed. The last version of WDFA (in the 115th Congress) freezes the 2015 suppression levels. The cap levels were slightly varied but similarly increased gradually through FY2026.

Contact:

Cecilia M. Clavet

Senior Policy Advisor, Fire & Forest Restoration

The Nature Conservancy

cclavet@tnc.org,

703.841.7425

March 28, 2018

¹ FEMA’s Disaster Relief Fund: Overview and Selected Issues. <https://www.fas.org/sgp/crs/homesec/R43537.pdf>.

² Other Disasters/Programs with Access to the Disaster Cap include: Emergency Transportation Relief, Army Corps, Small Business Administration Disaster Loans, and Community Development Block Grants.