

OCTOBER 20, 2020

State Spending on Wildfire Prevention and Mitigation

PRESENTED TO:

Assembly Budget Subcommittee No. 3
on Resources and Transportation
Hon. Richard Bloom, Chair



LEGISLATIVE ANALYST'S OFFICE

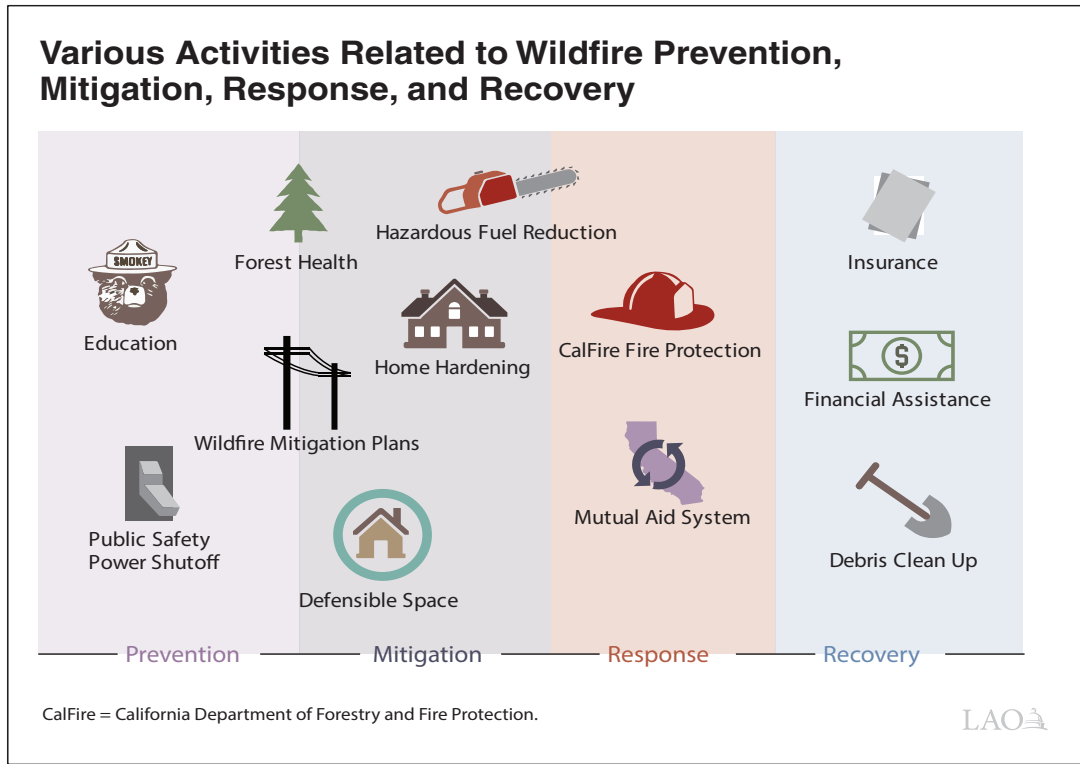
State Has Experienced Many Large and Damaging Fires Since 2000



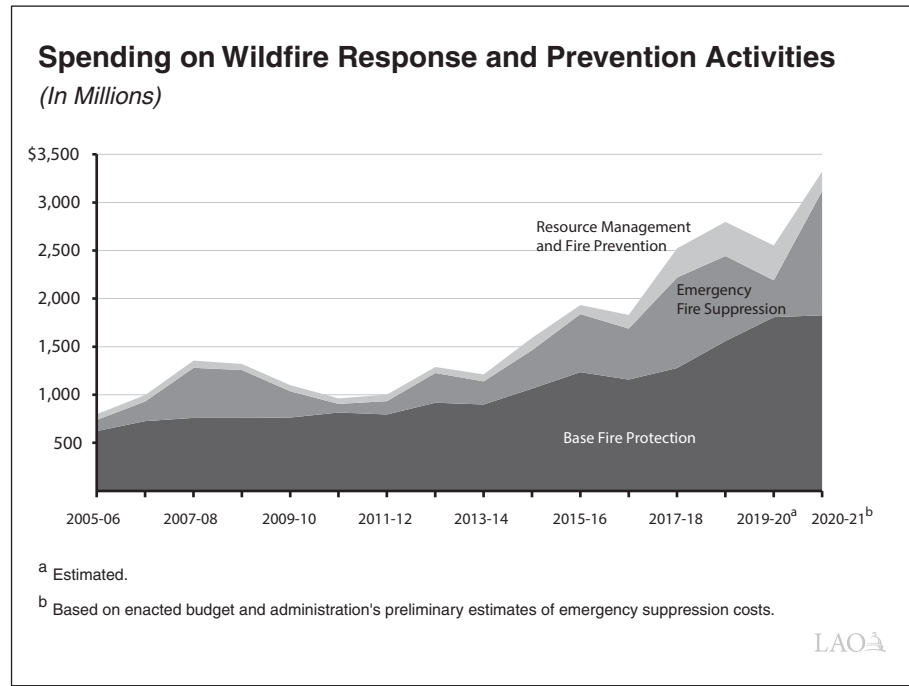
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State and Local Agencies Engage in Range of Wildfire Risk Reduction and Response Activities



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)

Purpose	Year	Amount	Duration	Fund Source
Fire Response				
Blackhawk helicopters: acquisition	2018-19	\$285.2	One time	General Fund
Blackhawk helicopters: staffing and operations	2018-19	13.8	Ongoing	General Fund
13 year-round fire engines: staffing	2019-20	32.6	Ongoing	General Fund
13 year-round fire engines	2019-20	8.3	One time	General Fund
Innovative procurement sprint: project solicitation and testing	2019-20	15.0	One time	General Fund
Air tankers contract and staff	2019-20	13.0 ^a	Ongoing	General Fund
Heavy fire equipment operator staffing	2019-20	10.6	Ongoing	General Fund
Relief staffing	2020-21	85.6	Ongoing	General Fund
Innovative procurement sprint: fire projection software	2020-21	4.4 ^b	Ongoing	General Fund
Fire Prevention and Forest Management				
Forest health and fire prevention grants	2019-20	\$165.0 ^c	Annually, five years	GGRF
Prescribed fire crews	2019-20	35.0	Annually, five years	GGRF
Wildfire prevention and recovery legislation	2019-20	10.0 ^d	Ongoing	GGRF
Forest management	2019-20	8.9	One time	Proposition 68
^a Increasing to \$49.7 million upon full implementation in 2023-24. ^b Increasing to \$7.6 million ongoing. ^c Grant funding was not included in the 2020-21 budget because the Legislature did not adopt a GGRF expenditure plan. ^d 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?

