

May 2024

## Wildfire Suppression Operations Reserve Fund



*Wildfire burning outside of Austin Texas, 2011 | Photo Credit: U.S. Air Force*

Over the past three decades, wildfires have scorched an increasing number of acres. From 2013 to 2022, there was an average of 61,410 wildfires annually. In 2022, there were 68,988 wildfires that burned 7.6 million acres.<sup>1</sup> As the frequency and intensity of wildfires have increased, so have the costs of wildfire suppression.

### Fire Borrowing

Historically, when suppression funds were depleted in the face of a wildfire emergency, funds from other, non-suppression accounts were often transferred to cover immediate wildfire suppression costs, a practice known as fire borrowing. This practice has persisted for decades, though it became more controversial in the 2000s as wildfire spending increased. The practice has diverted billions of dollars from their intended purposes. For instance, in 2018, the Forest Service redirected \$720 million from other non-fire programs.<sup>2</sup> This perpetuates a vicious cycle in wildfire suppression, diverting resources meant for prevention and risk mitigation, leading to potentially steeper future suppression costs.<sup>3</sup>

<sup>1</sup> Congressional Research Service, IF10244, “Wildfire Statistics,” June 2023. <https://crsreports.congress.gov/product/pdf/IF/IF10244>

<sup>2</sup> P.L. 115-72, Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017.

<https://www.govinfo.gov/content/pkg/BUDGET-2021-PER/pdf/BUDGET-2021-PER.pdf>

<sup>3</sup> U.S. Department of Agriculture, “Fire Transfer Impact State,” June 2014.

[https://www.fs.usda.gov/sites/default/files/legacy\\_files/media/types/publication/field\\_pdf/forest-service-fire-transfer-state-impacts.pdf](https://www.fs.usda.gov/sites/default/files/legacy_files/media/types/publication/field_pdf/forest-service-fire-transfer-state-impacts.pdf)

Congress has attempted to address the problem of fire borrowing with various iterations of a reserve fund, the latest being the Wildfire Suppression Operations Reserve Fund.

## The Wildfire Suppression Operations Reserve Fund

The Wildfire Suppression Operations Reserve Fund (Reserve Fund) was established by the Wildfire Suppression Funding and Forest Management Activities Act, passed as Division O of the FY2018 consolidated appropriations bill (P.L. 115-141), to provide additional federal funds for urgent wildfire suppression activities. The Reserve Fund, also known as the wildfire adjustment or wildfire funding fix, is jointly managed by the U.S. Forest Service (USFS) and the Department of the Interior (DOI). It may only be used by USFS or DOI for emergency suppression activities after suppression funding under the agencies' respective Wildland Fire Management (WFM) accounts are exhausted.

Unobligated balances in the Reserve Fund roll over to the next year.<sup>4</sup> Its use is authorized as long as a baseline level of funding for wildfire suppression operations is met in the underlying appropriations bill. This base level is set at the average cost over ten years for wildfire suppression operations requested in the President's 2015 Budget, amounting to \$1.011 billion for USFS and \$384 million for DOI.

The Reserve Fund was first available in FY2020, capped at \$2.25 billion, with the annual maximum funding level increasing by \$100 million every fiscal year until FY2027. In the four years since the account has been funded, FY2020 - FY2024, Congress has appropriated the maximum amount, with approximately 87% of annual funding allocated through USFS and the remaining 13% through DOI.

In FY2023, the total annual funding for wildfire suppression was \$4.395 billion, of which \$1.395 billion was provided in base suppression operations, \$2.55 billion in the Wildfire Suppression Operations Reserve Fund, and \$450 million in the disaster supplemental.<sup>5</sup> As of April 2024, total annual funding for wildfire suppression in FY2024 was \$4.04 billion, of which \$1.395 billion was provided in base suppression operations and \$2.65 billion in the Reserve Fund.

## FLAME

The Wildfire Suppression Operations Reserve Fund succeeded another fund, the FLAME (Federal Land Assistance, Management, and Enhancement Act Account) Wildfire Suppression Reserve Fund. The FLAME account, first funded in FY2010, served as a reserve when federal funds for wildfire suppression and emergency response when the WFM accounts were exhausted. However, unlike the current Reserve Fund, FLAME funds could also be used to cover high-cost wildfires meeting specific criteria (e.g. covering 300 or more acres) – in addition to more generally

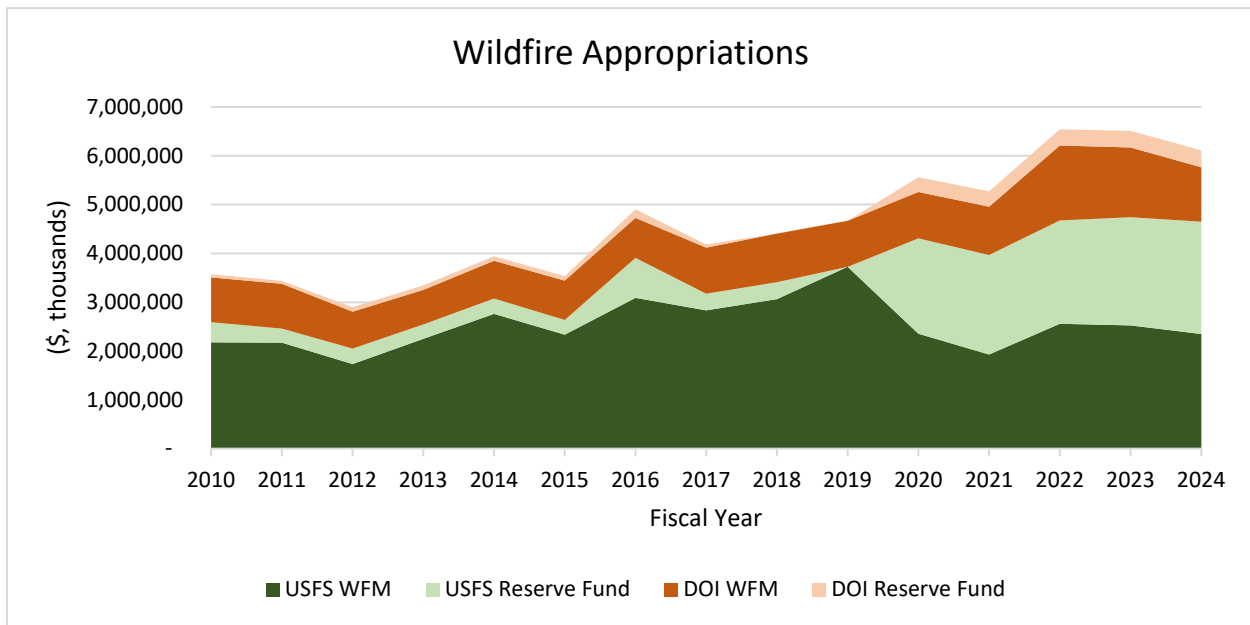
---

<sup>4</sup> U.S. Department of the Interior, "Budget Justifications and Performance Information Fiscal Year 2023, Wildland Fire Management," March 2022. <https://www.doi.gov/sites/doi.gov/files/fy2023-wfm-greenbook.pdf>

<sup>5</sup> Patty Murray, "At Hearing, Senator Murray Outlines Budgetary Costs of Worsening Wildfires, Need for Climate Action and Wildfire Investments," March 2023. <https://www.murray.senate.gov/at-hearing-senator-murray-outlines-budgetary-costs-of-worsening-wildfires-need-for-climate-action-and-wildfire-investments/>.

replenishing federal wildfire funds when previously appropriated accounts are set to be fully obligated within 30 days.<sup>6</sup> The FLAME account last received appropriations through DOI in FY2017 and through USFS in FY2018.<sup>7</sup>

FLAME funding neither incentivized cost containment in wildfire suppression nor prevented the need for future budget transfers or supplemental appropriations. It merely provided another funding source from which agencies could draw additional funding, rather than creating, instead of a sustainable solution to the wildfire challenge. FLAME was not effective in stopping fire borrowing, where USDA and DOI would reallocate funds from other accounts to meet immediate wildfire suppression costs.



Notes: Includes Regular and Supplemental Appropriations as of May 30, 2024.

The FLAME Act barred fire borrowing until the FLAME account was exhausted. USFS depleted its FLAME funding every year except FY2016 and transferred funds from other accounts in FY2012, FY2013, FY2015, and FY2017 - four of the seven years FLAME account was in effect. DOI exhausted its FLAME account in FY2012, FY2013, and FY2016 but only transferred funds from other accounts in FY2012 and FY2013.<sup>8</sup>

### Fixing Wildfire Funding Fix

The 2018 wildfire fix was widely applauded by nongovernmental organizations, industry, and policymakers for stabilizing agency budgets and ending wildfire borrowing. However, it is premature

<sup>6</sup> Congressional Research Service, R45005, "Wildfire Management Funding: Background, Issues, and FY2018 Appropriations," October 2017. [https://www.everycrsreport.com/files/20171031\\_R45005\\_acfa73e3c4dd248dc26fae3365b7635b10d785b8.pdf](https://www.everycrsreport.com/files/20171031_R45005_acfa73e3c4dd248dc26fae3365b7635b10d785b8.pdf)

<sup>7</sup> Congressional Research Service, R46583, "Federal Wildfire Management: Ten-Year Funding Trends and Issues (FY2011-FY2020)," October 2020. <https://crsreports.congress.gov/product/pdf/R/R46583>

<sup>8</sup> Congressional Research Service, R44966, "Wildfire Suppression Spending: Background, Issues, and Legislation in the 115th Congress," November 2017. <https://crsreports.congress.gov/product/pdf/R/R44966>

to judge whether the wildfire funding fix really fixed either of these issues. The Reserve Fund did not eliminate the USFS's authority to transfer funds or tackle the incentive to suppress fires at any cost. USFS can still reallocate any available appropriations to the WFM accounts for firefighting, including preparedness, or for emergency rehabilitation of burned-over or damaged lands or waters under its jurisdiction affected by fires.

The Reserve Fund also reaffirmed the government's prioritization of fire control. Ensuring USFS and DOI have sufficient funds for wildfire suppression is essential, but there is also a need for smart, targeted investments in wildfire prevention and resilience to prevent future suppression costs from escalating further.

### *Increasing Transparency*

By law (P.L. 115-14), USFS and DOI must report to Congress on the use of the Reserve Fund in a given fiscal year. The first report came in FY2020, when DOI withdrew \$68 million due to high wildfire activity in August and September of 2020.<sup>9</sup> However, USFS and DOI have not consistently published reports, leaving taxpayers little information on when and how the Reserve Fund is utilized. DOI includes the status of the Reserve Fund in their budget justification materials – as of March 2023, the unobligated balance was \$670 million, including FY2022 and FY2023 appropriations.<sup>10</sup> Information on the USFS portion of the Reserve Fund is more limited. In July 2023, the Forest Service reported that all wildfire suppression operations funding in its Wildland Fire Management account would be exhausted within 30 days.<sup>11</sup>

Increased transparency of the Reserve Fund would help inform budgeting decisions. While legislation requires reports on transfers from the Reserve Fund be submitted to Congress and made available to the public, it does not stipulate how to make the reports public, and they do not appear to be readily available. The Disaster Relief Fund (DRF) within the Federal Emergency Management Agency (FEMA), is similar to the Reserve Fund, and FEMA is required to publish reports on the agency's website by the 5th of every month. These reports must include a summary of the funding and tables detailing DRF expenditures by state and event, among other data. Similar reporting requirements for the Reserve Fund, even semi-annually, would benefit the public and policymakers. Withdrawals should be closely monitored, and emergency supplemental appropriations tracked to evaluate the funding fix's effect on federal suppression spending.

### *Addressing the Fires of Today*

The Reserve Fund was also introduced in part to bypass procedural and budgetary caps under the Budget Control Act of 2011 (BCA). Under the BCA, defense and non-defense discretionary funds were subject to hard caps (with some exceptions) for a ten-year period. Although Congress effectively amended the caps each year, it was neither predictable nor consistent, which prompted

<sup>9</sup> U.S. Department of the Interior, "Wildland Fire Management Fiscal Year 2020 Annual Report and Large Fire Review," December 2020. <https://www.doi.gov/sites/doi.gov/files/doi-large-fire-review-2020-final-508-compliant.pdf>

<sup>10</sup> U.S. Department of the Interior, "Budget Justification and Performance Information Fiscal Year 2024, Wildland Fire Management," <https://www.doi.gov/sites/doi.gov/files/fy2024-wfm-greenbook.pdf-508.pdf>

<sup>11</sup> Vilsack, Thomas. Letter to Chairman Merkley on the Status of the Wildfire Suppression Operations Reserve Fund, July 2023. <https://www.fs.usda.gov/sites/default/files/fy23-wildfire-sup-op-resrv-funds-trnsmttl-ltr-merkley.pdf>

lawmakers to enact the wildfire funding fix to put wildfire spending outside of discretionary spending limits. With the BCA expired, revisiting the budget structure for wildfire funding is reasonable.

The criteria for the Reserve Fund also need updating. Currently, all WFM suppression accounts must be funded based on FY2015-related averages, but as fire costs rise, this base amount should be recalibrated using more recent data.

## **Conclusion**

The history of federal wildfire management, from the earliest days of USFS through the wildfire funding fix, illustrates the tension between the demands of wildfire suppression and prevention. At different points during the past century, in recognition of this tension, reviews and strategies have attempted to elevate or insulate prevention and mitigation activities. With the reserve fund authority set to expire in FY2027, Congress needs to reevaluate the best structure to fund wildfire suppression activities.

