

**Joint Statement of**  
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**And**  
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**Wildland Fire, Department of the Interior**  
**Before**  
**Senate Committee on Energy and Natural Resources**  
**Concerning**  
**Wildland Fire Suppression Cost Containment**

**January 30, 2007**

**INTRODUCTION**

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you to provide the Administration's view concerning wildland fire suppression cost containment. As the Department of the Interior (DOI) and the U.S. Department of Agriculture (USDA) work closely together in fire management, the two Departments are providing a joint statement.

Large fire events are costly, and both Congress and the Administration have repeatedly expressed their concerns about rising fire suppression costs. Our Departments share these concerns and are committed to reducing these costs. Over the last several years, various studies and assessments dedicated to fire suppression costs have been conducted by the National Academy of Public Administration, the Wildland Fire Leadership Council, the Government Accountability Office (GAO), and most recently, by the USDA Office of Inspector General (OIG) in its "Audit Report – Forest Service Large Fire Suppression Costs." We welcome these assessments, and offer this testimony today to describe the current situation, the progress already made, and the measures we are taking to tackle this important issue.

## **THE 2006 FIRE SEASON**

The end of the 2005 fire season led directly into the 2006 fire season without the slowdown that typically occurs during the winter season. From November 2005 through April 2006, extremely low humidity, persistent drought conditions, and winds contributed to the ignition of fires through Texas and Oklahoma as well as Colorado, Missouri and New Mexico. This contributed to an unprecedented quantity of acreage burned, with 14 fires topping 100,000 acres in size, five located on National Forests, seven in Bureau of Land Management Districts, and two in State jurisdictions. In 2006, the acres burned were 131 percent greater than the acres burned in 2000, almost 1 million acres greater than 2005; and 65 percent greater than the ten-year average.

Last year, the U.S. Forest Service spent over \$1.5 billion on all fire suppression and nearly \$400 million on 20 of the largest fires, while DOI spent approximately \$424 million on all fire suppression. In the 2006 calendar year, the wildland fires across all jurisdictions totaled over 96,000 incidents, burning almost 9.9 million acres. Of those 9.9 million acres burned, approximately 5 million acres were on Federal lands and approximately 4.9 million acres were on non-Federal lands. We are pleased, that even in the face of the largest fire season on record, we achieved nearly 98% initial attack success, a rate comparable to less severe years. Of those fires not contained by initial attack, approximately 26 percent exceeded the average cost as determined by a stratified cost index for large Forest Service fires. Although the 2006 fire season had one of the highest number of fire starts in a single day (548), an extraordinary number of lightning caused fires (over 16,000), and one of the highest number of large fires at one time in nearly every region of the country, it also resulted in significantly fewer dwellings and other structures destroyed - 750 homes lost in 2006 (240 homes during the March fires in Texas and Oklahoma) compared to 835 home lost in 2002 and over 4500 homes lost in 2003.

Since 2001, the Departments have reduced hazardous fuels on nearly 20 million acres, 16 million acres through hazardous fuels reduction programs and approximately 4 million acres of landscape restoration accomplished through other land management activities.

Our focused effort to remove accumulation of hazardous fuels on our Federal lands is having a positive effect on the land and is lowering the risk of property damage. In addition, the Departments have paid attention to cost controls and are finding ways to operate more efficiently. Based on a historical analysis of cost per fire and acre (FY 1995-2004), Forest Service large fire suppression costs over the past 3 years are essentially flat or below the 10-year average and, while the 2006 numbers are above the average based on the stratified cost index, we are encouraged by the progress of our efforts to apply cost-saving measures. With the cost of many firefighting resources such as aviation and other equipment increasing faster than the rate of inflation, this represents an increase in productivity and cost control associated with suppression operations. We face challenges ahead to control total suppression costs, but we are fully committed to the implementation of additional management efficiencies and improved performance accountability. We fully expect to see our future cost/productivity trends for individual large fires continue to improve.

### **WEATHER, WILDLAND URBAN INTERFACE AND WOOD**

Multiple factors contribute to the expense of fighting fires. These factors include weather, fuel type, terrain, location with respect to the wildland urban interface (WUI) and other highly valued landscapes, and managerial decisions made before and during fire incidents. In addition, changing temperatures and prolonged drought across many portions of the West, an expansion of the WUI and an increase in the number of people living in the WUI, and continued accumulation of wood fiber, or biomass, on our public forests requiring treatment are converging to increase the risk of catastrophic loss from wildland fires. In combination, these trends present continuing challenges in our efforts to decrease the number and cost of fire incidents.

Over the last few years, we have reported regularly to Congress on these challenges. The 2005 Quadrennial Fire and Fuels Review by DOI and USDA examined the growth of the WUI, the area where structures and other human developments meet or intermingle with undeveloped wildland. The review found that 8.4 million new homes were added to the WUI in the 1990s, representing 60 percent of the new homes constructed in the United

States. The rate of growth is triple the rate of construction outside of the WUI. The review illustrates the challenge of addressing wildland fire costs in land areas, such as locations in the WUI where fire suppression is inherently more expensive.

Another challenge is addressing the accumulation of flammable biomass in our forests, a major cause of fire risk. The Departments have worked aggressively to reduce the amount of hazardous fuels on Federal lands and restore the health of our public forests and rangelands, utilizing the authorities provided under the President's Healthy Forests Initiative and the Healthy Forests Restoration Act to expedite action. In 2006, more than half of the total acres were treated inside the WUI. We will maintain this emphasis with a goal to treat approximately 2 million acres in the WUI through the hazardous fuels reduction program in 2007.

Reports from GAO and USDA OIG focus on managing fire suppression in the WUI and on cost sharing for those activities between Federal and non-Federal entities. These reports accurately highlight the complexities associated with large, multi-jurisdictional fires, especially those that threaten the WUI. Protecting human life and safety is our top priority; hence, fires in or adjacent to areas populated by homes and citizens generate a larger, more aggressive response that includes the use of structural and wildland engines, aircraft, and additional crews and equipment. Also, these lands tend to fall under a mix of ownership and jurisdictions that typically involve a response from Federal, State, county, and local entities. These factors add up to increased complexity and costs associated with incident response in the WUI.

Over the past 20 years, the Agencies have developed strong relationships with State and local cooperators in wildland fire suppression. The assistance by cooperators on Federal fires has grown, as well as cooperative efforts to suppress fires that cross ownership boundaries. Over time, the need to maximize efficiency and effectiveness has required the sharing of resources to fight these multi-jurisdictional fires across the landscape. The sharing of responsibilities, resources, and costs is often determined through cooperative agreements among the affected entities. Local units develop individual cost-sharing

agreements for each large fire under the umbrella of a master cooperative agreement, with the State. We recognize the need to review existing master cooperative agreements with our State partners and ensure consistency with the 2001 update to the Federal Wildland Fire Management Policy. Toward this end, the Departments are working with the States on an interagency master cooperative agreement template to improve cost-share methods and provide greater consistency across the country.

Costs are typically shared based on the number of acres burned in each jurisdiction, or a combination of acres burned and the first 24 hours of support. Today, the complexity of responding to fires that cross jurisdictions, as well as the growth of those located in the WUI, has prompted interest in developing a different basis for cost sharing. Both the GAO and OIG reports state that more guidance on cost-share methods is needed so each entity's financial responsibility is clear. The Departments also recognize the need for clarity and consistency of cost sharing methods that will better account for the multitude of factors that affect each incident. We look forward to continuing to work with the States and other interested and affected entities in this effort.

## **RECENT COST CONTAINMENT ASSESSMENTS**

### **The National Academy of Public Administration:**

The National Academy of Public Administration (NAPA) produced six reports on wildfire cost containment between 2001 and 2004. The issues covered in these reports include: (1) improving the management practices concerning wildfires by the National Park Service; (2) enhancing capacity to implement Federal interagency policy; (3) strategies for containing costs; (4) improving equipment and services acquisition; (5) utilizing local firefighting forces; (6) and enhancing hazard mitigation capacity. Our Departments have taken the following actions to address the recommendations in these reports:

- The National Park Service improved its risk assessment and coordination practices.

- An interagency coordinating body, the Wildland Fire Leadership Council (WFLC), was formed and a strong intergovernmental partnership has resulted. The Wildland Fire Leadership Council’s report on cost containment is discussed later in this statement.
- A 10-year Strategy and Implementation Plan, released in 2002, was developed collaboratively by the DOI, USDA, the Western Governors Association as well as southern Governors, counties and tribes. An updated Implementation Plan was released in December 2006.
- Incident business advisors have been trained and assigned to help implement cost containment measures.
- Procurement analysts have been assigned to systematically assess alternative sources of supply for firefighting equipment and services, as recommended in the report.
- The Agencies have aggressively promoted the creation and training of Type-3 Incident Management Teams, with the support of the National Association of State Foresters and the International Association of Fire Chiefs.
- The Agencies aggressively promoted and provided financial assistance toward creating fire-resistant communities and defensible spaces through collaboration with communities and local entities. The Agencies have worked with States to expand community protection through Community Wildfire Protection Plans, authorized under the Healthy Forests Restoration Act, and the FIREWISE program.
- The Agencies have established fire suppression cost levels that require additional oversight at the regional or national level for review, identifying and approving a strategy in the Wildland Fire Situation Analysis.

**Wildland Fire Leadership Council:**

In August 2004, the WFLC Strategic Issues Panel issued a report entitled, “Large Fire Suppression Costs: Strategies for Cost Management.” The report, developed by senior level managers and administrators from Federal, State and local governments, examined 12 reports that spanned five years and included more than 300 recommendations. The

report identified factors that will affect wildfire costs for the coming decades, including forest fuels, demographic trends, and climatic conditions, and provided recommendations aimed at slowing the rate of such costs.

The Departments are taking an aggressive approach to the WFLC report, emphasizing land management decisions that affect fuel loading and resource protection, increasing the skills and numbers of local firefighters, advancing integrated data management, and developing metrics and accountability measures to evaluate managerial cost effectiveness. Seven multi-agency, multi-disciplinary Cost Action Teams (CATs) were formed by the WFLC and have completed their work. The following provides examples of the Departments' efforts to date:

- The Agencies are strengthening and improving the availability of local resources through coordinated Federal and State financial support. Federal and State partners are assessing existing fire service funding programs to: (1) determine how existing funding can be more effectively leveraged; (2) improve coordination between the programs; (3) improve program information flow to customers; and (4) provide grant preparation assistance and other technical services to rural fire departments.
- The Agencies have issued guidance to incorporate consideration of wildfire suppression costs and fuel management efforts in land and resource management planning.
- The Agencies will continue to implement initiatives that assist in large-scale planning such as: (1) the WFLC-sponsored burn severity mapping project; (2) LANDFIRE; (3) Fire Program Analysis; (4) FIREWISE; (5) Community Wildfire Protection Planning; and (6) Wildland Fire Decision Support Modeling.
- The Departments are working to integrate numerous data collection/analysis systems in order to reduce the cost of data collection, ensure data quality, and eliminate redundancy. The Fire Occurrence Reporting Study, which analyzed existing information collected in Federal and State fire-reporting systems, is scheduled for final delivery in February 2007. Under the National Wildland Fire Enterprise Architecture project, we are integrating resource mobilization analysis and support systems to serve as the vehicle for a cohesive business transformation process.

- The Departments have adopted a Stratified Cost Index performance measure that uses cost data from around the nation to set a benchmark of average cost for a fire incident that incorporates sensitivity to location and conditions. The Forest Service is implementing this performance measure this year. DOI is still compiling the necessary background data and research, and the measure will be implemented as soon as this is completed.
- The Forest Service has created a Comptroller position to focus on cost containment and large fire strategic and tactical decisions.
- As required by Congress, the Secretary of Agriculture has appointed an independent review panel, coordinated by the Brookings Institution, to conduct cost assessments on fires with suppression expenditures exceeding \$10 million.
- Cost Review Teams review fires in which costs exceed \$5 million in order to evaluate strategic, tactical and overall business management decisions on the incident.
- Scientific studies by the Southern and Rocky Mountain Research Stations and the Scripps Research Institute were conducted to determine the predictability of emergency suppression expenditures.
- The Agencies conduct “After Action” Reviews each Fall that assess the effectiveness of allocation of Forest Service and DOI fire suppression resources during high levels of fire activity at National Multi-Agency Coordinating Group/Geographic Area Multi-Coordinating Group postseason meetings.
- Standards were developed for Local Response Organizations (Type 3 Incident Management Teams) to enhance a community’s ability to independently manage fires.

**The Government Accountability Office:**

*Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities:*

In May 2006, the Government Accountability Office (GAO) issued a report entitled, “Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities.” The report found that there was a



lack of clear guidance in determining appropriate cost-share methods between Federal and non-federal entities. The report's primary recommendation is that USDA and DOI work with relevant State entities to provide more specific guidance on when to use particular cost-sharing methods and clarify the financial responsibilities for fires that burn or threaten to burn across multiple jurisdictions. To respond to this recommendation, the Departments are working with the States on a master cooperative agreement template to use nationwide and a consistent approach for determining when a particular cost-share method is most appropriate.

*Wildland Fire Management: Important Progress Has Been Made, but Challenges Remain to Completing a Cohesive Strategy:*

In January 2005, the GAO issued a report entitled, "Wildland Fire Management: Important Progress Has Been Made, but Challenges Remain to Completing a Cohesive Strategy" (GAO-05-147). The report recommended that USDA and DOI provide Congress with a plan outlining critical steps and time frames for completing a cohesive strategy that identifies the options and funding needed to address wildland fire problems. In response, USDA and DOI have collaborated with our partners on the following:

- Cohesive Fuels Strategy: The Departments issued a Cohesive Fuels Strategy to set forth priorities for fuels reduction projects to guide investments in reducing risks of catastrophic wildland fires and enhance strategically placed 'defensible space' in areas at risk.
- LANDFIRE: LANDFIRE is a geospatial tool for identifying areas across the nation at increased risk of fire due to accumulation of fuels. The use of LANDFIRE data will improve collaboration among Federal, State and local interests with regard to fire and other natural resource management efforts. Currently, the LANDFIRE project has completed mapping the Western portion of the contiguous U.S.; the Eastern portion of the contiguous U.S. is scheduled to be completed by 2008. Alaska and Hawaii will be completed by 2009.

- Fire Program Analysis (FPA): The Fire Program Analysis (FPA) System is a tool to provide managers with a common interagency approach to fire management planning and budgeting. FPA will enable managers to better evaluate the effectiveness of alternative fire management strategies in order to meet land management goals and objectives. FPA will reflect fire objectives and performance measures for the full scope of fire management activities. The prototype is scheduled to be delivered in the summer of 2007 with system delivery expected in 2008.

**The USDA Office of the Inspector General:**

As part of USDA's ongoing effort to contain wildfire suppression costs and increase the program's accountability, Forest Service senior management requested that the USDA Office of the Inspector General, Western Region (OIG) evaluate agency controls over these costs. In November 2006, the OIG released their "Audit Report – Forest Service Large Fire Suppression Costs." The OIG found that the Forest Service could strengthen the cost-effectiveness of its fire fighting without sacrificing safety by: (1) improving equitable cost-share of wildfire suppression costs with nonfederal entities; (2) increasing wildland fire use to reduce forest vegetation and underbrush that may fuel future fires; and (3) establishing controls to assess performance of line officers and incident commanders in controlling costs.

OIG outlines 18 recommendations in its Audit Report. On November 16, 2006, the Forest Service provided an official response, to the report. The Forest Service concurred with all of the findings and recommendations and stated that the recommendations will assist the agency as it continues to improve its management efficiencies to save taxpayers' dollars while providing safe and effective suppression of wildfires. The Forest Service response includes a specific commitment and an estimated completion date for each of the recommendations in the report. The Audit report and Forest Service response is attached to this testimony.

## **MANAGEMENT EFFICIENCY PROPOSALS FOR LARGE FIRE COST CONTAINMENT**

Large fire costs have been a persistent challenge for the Departments and threaten to compromise the achievement of other key areas of our missions. Multiple internal and external reviews have been conducted, including those mentioned above, and have generated over 300 recommendations to curb increasing suppression costs.

In the wake of these challenges and the critical need to constantly improve cost-effectiveness, a group of Forest Service Line Officers, regional Fire Directors and Regional Foresters met in November, 2006 and developed a set of significant wildfire cost-containment measures to further enhance our ability to efficiently manage suppression costs. This effort resulted in a list of management efficiencies which focus on leadership, operations, aviation and general management practices. The Forest Service is moving forward to implement the list of management efficiencies; DOI is reviewing them with the intent to address them on an interagency basis, as appropriate. We anticipate that some of these measures will be implemented in 2007, while others will be implemented over the long-term. The most significant actions include:

### **1. Appropriate Management Response**

The Appropriate Management Response (AMR) was articulated in the 2001 update of the Federal Wildland Fire Management Policy. This approach provides risk informed fire protection by introducing the concept of managing wildland fire in relationship to the risk that the incident poses. If a wildland fire has potential benefits to natural resources and poses a relatively low risk to impact other valued assets, the fire would receive a lower intensity suppression effort. Conversely, if a fire incident is determined to pose high risk to property or community high suppression efforts would be applied. The approach utilizes risk management and tools such as probability data and analyses to inform rigorous and systematic ways to reach decisions that allocate resources on the basis of risk posed by the wildfire and the strategy used by managers to address it. The Forest Service has developed a draft guidebook that presents a coherent strategy to implement

this approach. DOI is reviewing this guidebook and will work with Forest Service on interagency implementation.

## **2. Forest Service Chief's Principal Representative**

The Forest Service Chief will designate an individual with access to a support team to provide oversight on fires of national significance and assistance to local units and will collaborate with the DOI on DOI lands. The individual will be highly experienced in wildfire management, and the team will have knowledge and capability with decision-support tools. These changes will immediately provide for experienced decision-making that should reduce costs on large fires.

## **3. National Shared Resources**

National resources such as smoke jumpers, hot shot crews and helicopters will be treated as national assets and moved to areas and incidents based on Predictive Services and on Planning Levels. This will create a more centralized and flexible management of these response resources. Funding and decision-making from the national level will ensure consistency across regions, flexibility in the assignment of resources and eliminate concentration of resources in a geographic area that costs time and money.

## **4. Aviation Resource Cost Management**

Aviation resources will be managed more effectively to reduce their high cost. A full-time National helicopter coordinator will be selected to provide oversight for the assignment and positioning of helicopters. Helicopter management will be centralized as a national resource. The Forest Service will attempt to shift more to “exclusive use” versus “call when needed” contracts for helicopters. This will increase preparedness costs initially, but is expected to greatly reduce large fire suppression cost with potential saving of tens of millions of dollars per year. We will pursue longer term aviation contracts for all aviation resources with increased performance-based contracting. DOI also is pursuing strategies to reduce its costs.

## **5. Initial Attack and Severity Funding**

Efforts will be made to maintain our initial attack success while reducing the dependence on severity funding. The Forest Service will require lower thresholds for the approval of severity funding to be elevated for approval by the Chief. National Shared Resources will be pre-positioned whenever possible in geographic areas where fire risk is the greatest during the fire season. The Forest Service and DOI agencies will continue to submit a coordinated severity request so as to not duplicate effort or expense.

The Departments take the issue of large fire cost containment very seriously and are actively moving forward to implement these important changes. A comprehensive list of management efficiencies has been developed to guide action over the short, intermediate and long-term and to produce results. The Forest Service and DOI are working together in collaboration and our staff is committed to action. The Forest Service Chief has conducted an all-day meeting and shared his intent to execute action with Regional Foresters, and, this week, Incident and Area Commanders of the Incident Management Team have met to discuss the implementation of the measures.

## **CONCLUSION**

We appreciate the recommendations provided in these recent cost-containment assessments. We expect that the management improvements implemented and underway will enable managers to be better prepared for wildfires; help managers to make better decisions during firefighting operations, and provide managers with the tools necessary to analyze, understand and manage fire suppression costs. While the factors of drought, fuels build-up in our forests and increasing development in fire prone areas have the potential to keep the number of incidents and total cost of wildfire suppression high of some time to come, we are positive about our direction to address wildland fire suppression costs and are committed to action. We believe that the measures discussed today promise to expand efficiency and reduce suppression costs. We look forward to continued collaboration with our Federal, State, local, Tribal, and other non-Federal partners to address our shared goal of effectively managing wildfire suppression costs.

Thank you for the opportunity to discuss these issues. We would be happy to answer any questions that you might have.