



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Room 029 State Capitol, Denver, CO 80203-1784

Phone: (303) 866-3521 • Fax: (303) 866-3855

lcs.ga@state.co.us • leg.colorado.gov/lcs

Memorandum

September 13, 2021

TO: Wildfire Matters Review Committee

FROM: Christina Van Winkle, Senior Environmental Analyst, 303-866-6289

SUBJECT: Wildfire-related Funding in Colorado, FYs 2016-17 through 2021-22

Summary

The state incurs wildfire-related expenditures in several departments for various activities including wildfire prevention, preparedness, mitigation, suppression, and recovery. These activities are not explicitly broken out in the state budget and are spread across various line items in multiple departments, making tracking of wildfire spending difficult. This memorandum provides detailed funding information for three agencies that are responsible for the majority of wildfire-related expenditures in the state:

- the Colorado State Forest Service (CSFS);
- the Division of Fire Prevention and Control (DFPC) within the Department of Public Safety; and
- the Department of Natural Resources.

Scope. This memorandum aggregates state wildfire-related expenditures and budgets and classifies them by category (see Figure 1), fund source (e.g., state versus federal), and whether expenditures are recurring or one-time in nature. This memorandum provides actual amounts for FY 2016-17 through FY 2020-21, and budgeted amounts for FY 2021-22, except where specified otherwise. The scope of this memorandum is limited to state expenditures and federal grants received by the CSFS and the DFPC. It does not include direct federal government expenditures, nor spending by local governments, communities, individuals, or other organizations. The memorandum also excludes tax expenditures, such as the income tax deduction

Figure 1 Wildfire Spending Categories

For the purposes of this budget summary, wildfire-related spending is classified into the following three categories.

Wildfire Preparedness. This includes a range of activities that lead to safe, efficient, and cost-effective fire prevention and management including wildfire protection planning, interagency coordination, training and qualifications, dispatch and mobilization system management, equipment and supplies, as well as community planning, prioritization, and education.

Wildfire Response. This includes resources and actions or support by emergency personnel responding to a wildfire incident.

Wildfire Mitigation. This includes on-the-ground activities intended to reduce the potential for unwanted impacts caused by wildfires, including traditional vegetation management activities such as prescribed fires, hazardous fuels treatments, and mechanical fuels treatments, as well as forest management activities and post-fire watershed recovery.

authorized for eligible wildfire-related expenses incurred by taxpayers (see: <https://tax.colorado.gov/sites/tax/files/Income65.pdf>).

Brief History of Wildfires in Colorado

Wildfires may be naturally occurring in the landscape as a result of lightning strikes, or they may be human-caused. Although wildfires are a natural part of forest ecosystems, the frequency and intensity of fires has been growing in Colorado in recent years. 2020 marked a historic year for wildfires in Colorado, with three of the 10 largest fires in Colorado history (Table 1). According to the National Interagency Fire Center, over 625,000 acres burned in 2020, up from around 40,000 in 2019¹.

Table 1
Colorado's Ten Largest Wildfires by Acreage

Rank	Fire	Acres	Year
1	Cameron Peak	208,913	2020
2	East Troublesome	193,812	2020
3	Pine Gulch	139,007	2020
4	Hayman	137,760	2002
5	Spring Creek	108,045	2018
6	High Park	87,284	2012
7	Missionary Ridge	70,285	2002
8	West Fork	58,570	2013
9	416	54,129	2018
10	Papoose	49,628	2013

Source: Division of Fire Prevention and Control, Colorado Department of Public Safety

State Agencies with Wildfire Related Spending

The three primary agencies with wildfire-related spending include the Colorado State Forest Service, the Division of Fire Prevention and Control within the Department of Public Safety, and the Department of Natural Resources. These agencies are described in this section.

Colorado State Forest Service. The Colorado State Forest Service, under the purview of the Colorado State University, is the lead agency for wildfire mitigation activities, which encompass on-the-ground treatments of fuels and properties to reduce the risk of wildfires causing damage. The CSFS receives both federal grants and state funds, with state appropriations primarily channeled through the two programs below. Both programs have historically been funded through severance tax revenues, but in recent years have been funded by the General Fund due to limited severance tax revenue.

¹ National Interagency Fire Center (NIFC). National Report of Wildland Fires and Acres Burned by State. Available at: <https://www.nifc.gov/fire-information/statistics>.

- **Healthy Forests/Vibrant Communities Fund.** The Healthy Forests/Vibrant Communities Fund, established in 2009, enhanced the CSFS's capacity to provide resources for landowners, communities, and partners to address forest health and wildfire risk. The program includes a business loan fund to support wood biomass utilization, develop markets for timber products, and provide start-up capital for businesses involved in wildfire risk mitigation efforts.
- **Forest Restoration and Wildfire Risk Mitigation Grant Program.** This program was established through Senate Bill 17-050 to provide competitive grant funds for community-level actions across the state to reduce wildfire risk to people, property, and infrastructure in the wildland-urban interface (WUI), promote forest health and restoration projects, and encourage the utilization of woody material for traditional forest products and biomass energy.

Division of Fire Prevention and Control. The Division of Fire Prevention and Control (division) within the Colorado Department of Public Safety was created in 2012 in an effort to consolidate state fire functions. Its mission is to serve and safeguard people and protect property resources, the environment, and quality of life in Colorado. Although most of its spending is used for fire suppression, control, and recovery efforts, a portion of its spending is used for prevention and mitigation work. The division has an annual budget appropriated by the General Assembly, and receives funding through Governor-issued Executive Orders to respond to wildfires as needed. Counties also voluntarily contribute to the Emergency Fire Fund to cover costs of large fires when DFPC assumes management and fiscal responsibility. In addition, the DFPC receives federal reimbursement funds through the Federal Emergency Management Agency (FEMA) for eligible expenditures that have met FEMA's Fire Management Assistance Grant Program requirements.

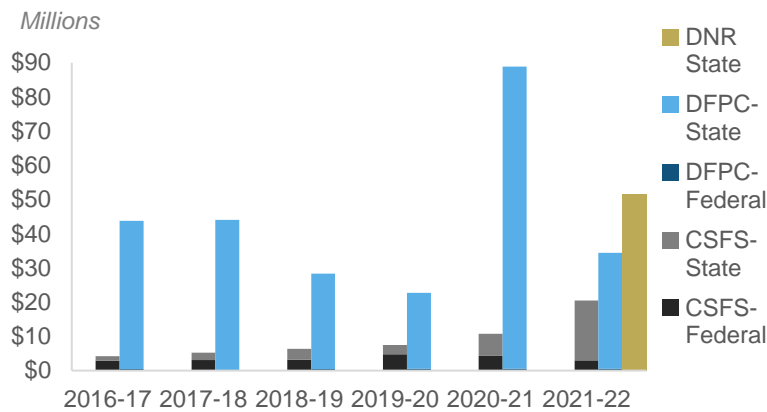
Department of Natural Resources. The Colorado Water Conservation Board (CWCB) within the Department of Natural Resources (DNR) administers the Watershed Restoration Grant Program to support flood risk mitigation and watershed restoration, including post-fire watershed restoration work. In 2021, the department received one-time state funding specifically for post-fire restoration and flood risk mitigation. Although the CWCB receives annual appropriations for the grant program, projects do not have to be specific to wildfire risk or post-fire recovery. Therefore, this memo does not include wildfire-related spending for DNR prior to FY 2021-22 as estimates were not available. In addition, DNR received one-time funding in 2021 for the newly-created Wildfire Mitigation Capacity Development Fund to support wildfire mitigation efforts and workforce development.

Wildfire-Related Spending

Because wildfire-related spending is not explicitly identified in the state budget, Legislative Council Staff requested that state agencies provide information on the amount, source, and type of wildfire-related spending either expended or budgeted from FY 2016-17 through FY 2021-22. For each source of funds, the amount was classified by category and as one-time versus ongoing. For programs that spend across more than one category (e.g. towards preparedness and response), funds were allocated based on a proportional estimate (e.g., 50 percent towards preparedness and 50 percent towards response).

Wildfire-related spending by fund source. Wildfire-related spending by agency and fund source is depicted in Figure 2. As shown, a large spike in wildfire-related state spending occurred in FY 2020-21 due to the record-breaking wildfires that occurred in the summer of 2020, following a period of decreasing funding in the four years prior. In FY 2020-21, the DFPC received authorization to spend \$27.4 million through Executive Orders for fire suppression activities.² The DFPC receives reimbursements from the Federal Emergency Management Agency for eligible expenditures related to state responsibility fires, but these reimbursements are variable and not estimated here. The CSFS has seen an increase in funding in recent years from both federal and state fund sources.

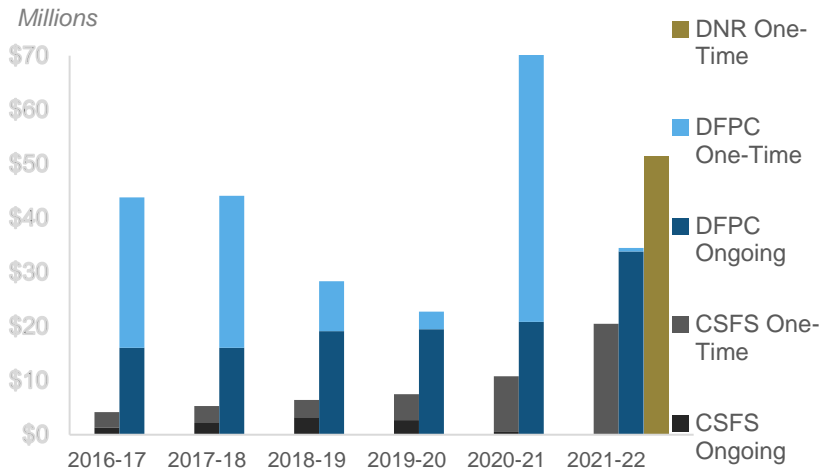
Figure 2
Wildfire-Related Spending by Fund Source
 FY 2016-17 to FY 2021-22 (budgeted)



Wildfire-related spending by frequency. Wildfire-related spending can also be classified as an on-going expenditure to fund operational expenses, or one-time expenditures either from federal grants or as authorized by specific legislation or executive order. As shown in Figure 3, a significant proportion of spending is considered one-time to respond to wildfires as they occur. In addition, DNR and CSFS received significant one-time General Fund transfers in FY 2021-22 to fund wildfire mitigation and recovery efforts. The CSFS’s two primary fund sources for wildfire mitigation, the Healthy Forests/Vibrant Communities Fund and the Forest Restoration and Wildfire Risk Mitigation Grant Program, received significant one-time transfers of funds in 2021 to support landowners, communities, and partners to address forest health and mitigate wildfire risk. These funds historically received severance tax revenue, but have been financed with General Fund in recent years due to limited severance tax revenue. Legislation passed in 2021 also allocated significant one-time funds to DNR’s Watershed Restoration Grant Program to support watershed restoration and flood mitigation activities following wildfires, as well as the newly-created Wildfire Mitigation Capacity Development Fund for wildfire mitigation projects.

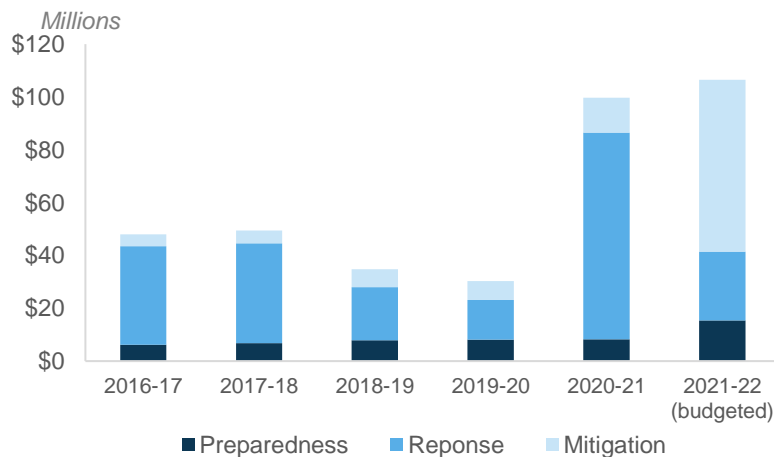
² These amounts are reflected in the fiscal year that the authorization through Executive Order was issued. Reimbursements to fire agencies for incurred expenses may take several months or years.

Figure 3
Wildfire-Related Spending by Frequency
 FY 2016-17 to FY 2021-22 (budgeted)



Wildfire-related spending by category. Figure 4 shows wildfire-related expenditures classified by activity; whether funds are expended to prepare for, respond to, or mitigate the impacts of wildfires. Agencies classified spending across these three categories and, when necessary, split funding proportionally for programs that span multiple categories. Generally speaking, the CSFS is the primary agency for wildfire mitigation spending, the DFPC is responsible for wildfire preparedness and response, and the DNR is largely responsible for flood mitigation spending as a part of post-fire recovery efforts (classified as mitigation). Overall, spending has been increasing across all categories, with spending on wildfire response varying according to the intensity and severity of the wildfire season. In 2021, the legislature transferred nearly \$70 million to support wildfire and flood mitigation efforts through the CSFS and DNR. In addition, the DFPC received one-time funding in 2021 to increase wildfire preparedness and response through the purchase and extension of existing contracts for additional aviation resources.

Figure 4
Wildfire-Related Spending by Category
 FY 2016-17 to FY 2021-22 (budgeted)



Additional Detail

The tables in Appendix A provide spending and budgeted amounts by fiscal year for each agency discussed here.

Appendix A: Wildfire Spending in Detail by Agency

**Table 1
Colorado State Forest Service (CSFS) Wildfire-Related Spending by Fiscal Year**

Fund Name	Source	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Purpose
USFS Consolidated Payment Grant, State Fire Assistance	Federal	\$905,028	\$901,029	\$815,896	\$890,823	\$1,105,148	\$1,000,000	Current emphasis focuses on providing leadership, technical forestry services, program guidance, and building relationships for forest management and wildfire risk reduction activities and outreach efforts. These efforts recognize ecosystems; mitigate wildfire threats; assist with community wildfire protection planning; provide information and education about wildfire; provide incentives to landowners; and improve collaborative cooperation at all levels of private and public land ownership.
USFS Western Wildland Urban Interface Grant, State Fire Assistance	Federal	\$1,650,000	\$1,505,000	\$1,600,000	\$2,180,593	\$1,982,940	\$1,200,000	This grant program is funded by the USFS through federal funds that are available on a competitive basis to 17 western states and 6 Pacific islands on an annual basis. Funding is delivered through and managed by CSFS. There is a specific list of activities that qualify for funding (fuels treatments, planning, and education/information).
Community Assistance Funds Adjacent to National Forest Lands Competitive Grants	Federal	\$344,376	\$734,195	\$750,000	\$1,695,878	\$1,177,228	\$800,000	This grant program is funded by the USFS through federal funds that are available on a competitive basis within Region 2 (Colorado, Kansas, Nebraska, South Dakota, and Wyoming) on an annual basis. Funding is delivered through CSFS grant recipients. Activities include reducing hazardous fuels on non-federal lands adjacent to national forest lands. Matching funds increase the competitiveness of a project.
Health Forest/Vibrant Communities Fund	State	\$189,979	\$1,186,363	\$1,186,363	\$1,305,000	\$521,531	\$9,500,000	Colorado Healthy Forests and Vibrant Communities Act enhances the capacity of the CSFS to provide landowners, communities, and partners the tools they need to address forest and watershed health, and wildfire risk to communities and the forests that surround them. The program includes a business loan fund to support wood biomass utilization, develop markets for timber products, and start-up capital for businesses that are involved in wildfire risk mitigation efforts.

**Table 1 (Cont.)
Colorado State Forest Service (CSFS) Wildfire-Related Spending by Fiscal Year**

Fund Name	Source	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Purpose
Forest Restoration and Wildfire Risk Mitigation Grant Program	State	\$1,107,401	\$954,545	\$2,050,000	\$1,419,623	\$6,000,000	\$8,000,000	This competitive grant program is designed to assist with funding for community-level actions across the entire state to: reduce the risk to people, property and infrastructure from wildfire in the wildland-urban interface (WUI); promote forest health and the utilization of woody material including for traditional forest products and biomass energy; and encourage forest restoration projects.
TOTAL		\$4,196,784	\$5,281,132	\$6,402,259	\$7,491,917	\$10,786,847	\$20,500,000	

Source: Colorado State Forest Service; U.S. Forest Service.

Table 2
Division of Fire Prevention and Control (DFPC) Wildfire-Related Spending by Fiscal Year

Fund Name	Source	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Purpose
DFPC Wildland Fire Management Services Line	State	\$10,896,813	\$10,896,813	\$10,949,844	\$14,301,297	\$13,813,175	\$15,777,604	Program funding (contracts, operating, DFPC staff, etc.) for DFPC Multi-Mission Aircraft, Single Engine Air Tankers, Helicopters, and other on-call aircraft. Also covers flight time during initial attack on state, local, and private land fires. Also includes program funding (personnel, equipment and operating) for DFPC engines.
Wildfire Preparedness	State	\$4,150,000	\$4,150,000	\$7,150,000	\$4,150,000	\$5,876,000	\$4,150,000	Program funding for DFPC fire management field personnel, leadership, support staff, DFPC Squad (1), and additional funding for DFPC engines.
Aviation Resources	State	-	-	-	-	\$7,642,500	\$7,342,500	Extension of existing, contracted DFPC aviation resources (2 SEAT's from 150 to 240 days each, and 2 Type 2 Helicopters from 120 to 230 days each). Also includes a new Exclusive Use contract for a Large Air Tanker (LAT). In FY 2020-21, includes UAS/Drones to improve wildfire mitigation, wildfire response, and all-hazard response capacities.
Colorado Firefighting Air Corps Cash Fund (2013)	State	-	-	-	-	\$30,800,000	\$3,800,000	SB21-113, \$24,000,000 for state-owned Firehawk and fuel truck, \$3,800,000 for Helitack crew (FTE and operating), and \$3,000,000 for lease of a Type 1 Helicopter for the 2021 fire season prior to arrival of the Firehawk.
Wildfire Emergency Response Fund (WERF)	State	-	\$500,000	-	\$763,000	\$1,800,000	\$1,800,000	Funding assistance to local agencies during initial attack. Provides for one aircraft resource (helicopter or air tanker) and two days of a 20-person handcrew per local incident.
Emergency Fire Fund (EFF)	Local	\$1,030,710	\$1,031,967	\$1,032,918	\$1,007,501	\$1,000,000	\$1,000,000	Covers costs of large fires when DFPC assumes management and fiscal responsibility with county. Fund source is voluntary contributions by participating counties and miscellaneous entities.
Executive Orders	State	\$27,275,000	\$27,400,000	\$8,720,000	\$2,000,000	\$27,390,000	Variable	Total amount allocated for suppression efforts in executive orders for state responsibility fires only (no other disasters). DFPC requests executive orders for large fire management of qualifying incidents once Emergency Fire Fund (EFF) is depleted. In 2019-21, includes one-time funding for wildland fire aviation resources with a priority for an Exclusive Use Large Air Tanker. EO 2020-072

**Table 2 (Cont.)
Division of Fire Prevention and Control (DFPC) Wildfire-Related Spending by Fiscal Year**

Fund Name	Source	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Purpose
Wildfire Cost Recovery Fund	State	Variable	Variable	Variable	Variable	Variable	Variable	Billing and reimbursement for interagency wildfires, including: DFPC reimbursement of local fire agencies for assignments outside of their home unit and bills the appropriate federal or state agency; billing for DFPC resources utilized outside of Colorado, and billing of local agencies for federal or out of state resources utilized on local fires.
FEMA Fire Management Assistance Grant	Federal	Variable	Variable	Variable	Variable	Variable	Variable	Provides reimbursement from FEMA of DFPC's eligible expenditures for state responsibility fires that have met the requirements of FEMA's Fire Management Assistance Grant Program (FMAG).
USFS Volunteer Fire Assistance (Rural Fire Capacity)	Federal	\$467,020	\$122,000	\$489,513	\$535,406	\$598,045	\$598,045	The Rural Fire Capacity program provides technical and financial assistance to eligible local volunteer fire departments that protect communities with populations of 10,000 or fewer.
TOTALS		\$43,819,543	\$44,100,780	\$28,342,275	\$22,757,204	\$88,919,720	\$34,468,149	

Source: Colorado Department of Safety, Division of Fire Prevention and Control; U.S. Forest Service.

**Table 3
Department of Natural Resources (DNR) Wildfire-Related Spending by Fiscal Year**

Fund Name	Fund Source	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Purpose
CWCB Construction Fund	State	-	-	-	-	-	\$4,000,000	SB21-054 allocated \$4 million to the CWCB's Watershed Restoration Grant Program to support planning and implementation for watershed restoration and flood mitigation projects.
Wildfire Mitigation Capacity Development Fund	State	-	-	-	-	-	\$17,500,000	SB21-258 allocated for landscape scale wildfire mitigation projects/grants and workforce development. Authorizes funding to develop a comprehensive statewide risk assessment, increasing staff resources for wildfire mitigation projects, assessing wildfire mitigation programs and efforts, and identifying and funding priority landscape scale wildfire mitigation projects.
CWCB Construction Fund	State	-	-	-	-	-	\$30,000,000	SB21-240 allocated \$30 million to the CWCB's Watershed Restoration Grant Program to protect watersheds against the impacts of wildfires and for conducting a statewide watershed analysis to investigate the susceptibility of life, safety, infrastructure, and water supplies to wildfire impacts. Authorizes the CWCB to a portion of the funding to administer the grant program and provide technical engineering services to grantees.
TOTALS		-	-	-	-	-	\$51,500,000	

Source: Colorado Department of Natural Resources

Notes: Wildfire-related spending is not estimated prior to FY2021-22, when legislation specifically directed funding towards wildfire-related mitigation efforts. In previous years, funding for watershed restoration included wildfire and non-wildfire related projects.