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GAO REPORT ON WILDLAND FIRE SUPPRESSION

HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

TO

REVIEW THE GOVERNMENT ACCOUNTABILITY OFFICE REPORT ENTITLED "WILDLAND FIRE SUPPRESSION—LACK OF CLEAR GUIDANCE RAISES CONCERNS ABOUT COST SHARING BETWEEN FEDERAL AND NONFEDERAL ENTITIES"

JUNE 21, 2006

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GAO REPORT ON WILDLAND FIRE SUPPRESSION

WEDNESDAY, JUNE 21, 2006

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:32 p.m., in room SD–366, Dirksen Senate Office Building, Hon. Larry E. Craig presiding.

OPENING STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Senator CRAIG. Good afternoon, everyone, and welcome to the Public Lands and Forests Subcommittee hearing to learn more about fire suppression cost-sharing agreements between the Federal land firefighting agencies and State and local governments. I requested the Government Accountability Office to examine these fire suppression cost agreements and I am pleased that they are here today to testify.

We will begin with Bob Robinson, the Managing Director of GAO's Natural Resource and the Environment Group, followed by Under Secretary for the U.S. Forest Service, Department of Agriculture, Mark Rey; and then Lynn Scarlett, the Deputy Secretary for the Department of the Interior. We will finish with Anne Heissenbuttel——

Ms. HEISSENBUTTEL. HAI-senn-BUTT-tle.

Senator CRAIG. HAI-senn-BUTT-tle, got it, thank you. Executive director for the National Association of State Foresters.

I would observe that any time people are left with an impression that fees are changing and that could result in how much they will have to pay, blood pressures rise. I think here is some common ground that we all agree on before the psychological response manifests itself in our witnesses today. First, there is no doubt that the cost of aviation is increasing and will continue to increase. To the extent that firefighters are forced to utilize those assets for fighting wildland-urban fires, the more the fires are going to cost.

Second, there is no doubt that more people are moving out into the wildland-urban interface, which complicates firefighting and increases the cost of these fires. It also suggests more work is needed to help these homeowners understand that they have some responsibility to maintain a fire-safe community.

Third, I think we can all agree that the local communities and States have the primary responsibility to fight structure fires and

to provide fire protection in the private land portion of the wildland-urban interface. But the management that does or does not occur on adjacent Federal lands can complicate the ability of the State and local governments to accomplish the work needed to provide the fire protection the public expects.

Finally, I think we can all agree the problem is not going away soon and costs will continue to increase.

I believe that GAO's report does a very good job in helping us understand the issues, concerns, and positions of the Federal land managers as well as the concerns and frustrations of the State and local managers. Rather than continue to argue those positions, I would hope that today you will help me and my colleague, our ranking member understand, if there are steps this committee and Congress can take to reduce the cost of fighting these fires in the wildland-urban interface.

Also, help me to better understand how to ensure that States and local governments receive similar treatment from fire to fire and State to State in these cost-sharing formulas.

I will close by reminding you that this is a period of very tight budgets. We all know that. So please resist your urge to suggest more funding as an answer. Please limit your oral testimony to 5 minutes if you can. I have given GAO a bit more time so they can get out the full response to the request we made. Of course, the testimony can be received in additional forms for 10 working days of the hearing.

Now let me turn to the ranking member of our subcommittee, Senator Ron Wyden of Oregon. Ron and I work closely and in a bipartisan way on most all of these critical public land natural resource issues. I am proud to have him as a partner in this, and I must tell Ron, when I look at the numbers today—and I did yesterday and again today—I am astounded that we are already past the 3 million acre mark in this fire season, and it will not get better. It will simply get worse as the character of our Western lands begins to dry out. Fire costs are going up and budgets are tight.

My colleague, Ron Wyden.

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. Well, thank you, Mr. Chairman. As is invariably the case, I very much share your view on these kind of key points and would just make a couple of comments in addition.

I think what concerns us particularly is we are seeing such a serious problem this summer and how this fits into a pattern. We have seen this year after year, and somehow it just appears that the administration is perpetually behind the curve on these firefighting issues. Senator Craig and I always try to work in a bipartisan way. I would like to do that with the administration, and here are a couple ones to start with. I mean, the State of Oregon, which has experienced serious problems, is still waiting to be paid for last summer's Blossom fire. So you talk about the growing problem as Senator Craig has just pointed out. We are still trying to get the bills paid from last year, and this is at a time when our State is having to resort, as I think a variety of others, to loan arrangements, working with insurance funds, that sort of thing.

On the cost-sharing issue—and I am not going to be able to stay. We are all juggling a lot of issues this afternoon, Mr. Chairman. I am going to try and stay for a little bit. I am really pleased that you have scheduled this hearing on cost-sharing because we need to work something out with the States. My State in particular wants some flexibility, and I think the chairman has made that point, that fires are different.

But what is unfortunate is the last statement that is made from the joint panel of our officials, and that is: It is our intent to finalize this guidance before the beginning of the next fire season. So here we are, Chairman Craig, to his credit, has scheduled this hearing. We want to work on a bipartisan basis. We could have had some leadership from the Executive Branch so we would have had this in place for this fire season.

Now we are talking about having a timely hearing so as to get at it for the next fire season. I read these comments, templates are being reviewed. I am not even sure what a "template" is, but it is certainly mentioned a whole lot in Washington, D.C., so I guess that is an encouraging sign, that something is being developed that is called a template.

But I know in my State what they want are some actual strategies for dealing with a huge problem, a problem that is growing, costs that are spiraling out of control. It seems to me we should have had this some time ago, and to hear that it is going to be finalized before the next fire season sort of reminds me of the marquee at the old movie house, where the marquee always says "Coming Soon" and then the movie never quite gets to you. Somebody just puts it off and puts it off and puts it off.

So, Mr. Chairman, as usual I am looking forward to working with you. I think this is an important hearing, and I know you and I will work in a bipartisan way and we want to make the administration partners in the effort.

Senator CRAIG. Ron, thank you very much.

I think all of us, including this administration and our agencies, are frustrated in clear recognition of a problem at hand out there. One of those difficulties are those relationships between multiple authorities and when these authorities overlap how we work out the differences. That is why we wanted GAO to look at it. So we are extremely pleased that Robert Robinson is here, Managing Director, Natural Resources and the Environment, for GAO, and his report is before us.

So Bob, if we will get you to summarize that and make your salient points before we move on to our other testifiers. Thank you.

STATEMENT OF ROBERT A. ROBINSON, MANAGING DIRECTOR FOR NATURAL RESOURCES AND THE ENVIRONMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. ROBINSON. Thank you very much, Mr. Chairman.

Senator CRAIG. I think you need to push the button on the base.

Mr. ROBINSON. Thank you.

Senator CRAIG. There you go.

Mr. ROBINSON. Mr. Chairman, we are grateful for this opportunity to discuss our recent report on wildland fire suppression cost-sharing and hope that today's hearing, like you, will be a con-

structive dialogue aimed at developing solutions to an issue of growing importance. Based on our report and the generally favorable reaction to it, it seems like there is a solid base of common ground to build on, while also recognizing that there is principled disagreement among affected parties on the specific pathways going forward.

With that as a backdrop, let me quickly highlight several major observations from our report that we hope can set the scene for the discussions that follow. First, as you note, the bill for fighting wildland fires is substantial and getting bigger over time as accumulation of fuels, compounded by persistent drought, results in larger, more catastrophic fires and the complexities and costs associated with fighting fires in the expanding wildland-urban interface increasingly enter the mix.

To this end, Federal costs of fighting wildland fires between 2000 and 2004 more than doubled from the previous 5-year period to more than $1.3 billion annually. As the firefighting bill increases, the importance of and the concerns about arriving at a consistent and equitable approach for sharing costs among the affected entities grow as well.

In this regard, however, we found that Federal and non-Federal entities often lacked clear guidance for sharing costs, making planning and budgeting more difficult, and often ending up with cost-sharing methods being applied inconsistently, even for fires with similar characteristics.

On the ground, there is uncertainty and confusion about how costs should be shared. Inconsistency is not just bothersome to the accountant's craving for financial order; it has real practical consequences. With inconsistency comes inequity as some States and localities are more successful at negotiating their respective firefighting bills than others. To this end, we are concerned about a "race to the bottom" as word gets out among those States getting a great cost-sharing deal, in turn leading other States to seek as good or better deal for themselves, with the end result being an increased and inequitable burden being borne by the Federal agencies.

A number of Federal managers we spoke with already feel that they have a relatively weak bargaining position as it is and sense that their ability to negotiate fair and equitable cost-sharing deals will only get harder in the future.

We are also concerned that without equitable cost-sharing the incentive to take often politically difficult actions aimed at lessening fire risks to structures in the wildland-urban interface, such as requiring flammable vegetation to be cleared around homes or requiring fire-resistant building materials, will be lessened as well.

Finally, without equitable cost-sharing, there is an increased likelihood that firefighting resources will be used indiscriminately.

As one quick sidebar on this issue, I do want to point out that a Federal agency outside the usual array of land management agencies is playing a significant role in this cost-sharing equation. FEMA has spent about $250 million in recent years reimbursing States and localities for allowable firefighting expenses incurred during major disasters. As Federal-State cost-sharing arrangements are negotiated, it is important to keep in mind that a not

insignificant portion of the non-Federal share is actually often being picked up out of the Federal budget, albeit by a different agency.

Based on our work, the root of the inconsistency and the inequity we identified is the absence of a clearly defined, commonly accepted understanding of the basic financial responsibilities of all the entities involved with wildland firefighting, particularly those protecting the wildland-urban interface. Accordingly, in our report, we recommended that Federal land management agencies work in conjunction with—and I emphasize, in conjunction with—relevant State agencies to develop more specific guidance as to when particular cost-sharing methods should be used and to clarify the financial responsibilities for fires burning across multiple jurisdictions.

In responding to our report, the responsible Federal agencies generally supported such an effort, while of course recognizing the difficulty of the task and understanding that the devil is truly in the details. While I believe we developed a mutually respectful working relationship with the State foresters in conducting our review, and I am sure we share a mutual desire to achieve fair and equitable cost-sharing, they expressed a different take on the path forward. At the end of the day, we believe that a generally accepted and more clearly understood cost-sharing framework, worked out in advance of the inherent tensions of the fire season itself, has the potential to benefit all sides by: one, enabling better fire suppression planning and budgeting; two, facilitating more cost-effective approaches to responding to individual fires; three, encouraging proactive steps to mitigate fire risks to structures in the wildland-urban interface; and four, ensuring more consistent and equitable sharing of agreed-upon expenses.

I hope today's discussions contribute to this result as we continue our work on fire suppression cost issues for you, Mr. Chairman. We of course stand ready to provide any appropriate assistance. Thank you very much.

[The prepared statement of Mr. Robinson follows:]

PREPARED STATEMENT OF ROBERT A. ROBINSON, MANAGING DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE

WILDLAND FIRE SUPPRESSION

BETTER GUIDANCE NEEDED TO CLARIFY SHARING OF COSTS BETWEEN FEDERAL AND NONFEDERAL ENTITIES

WHY GAO DID THIS STUDY

Wildland firs can burn or threaten both federal and nonfederal lands and resources, including homes in or near wildlands, an area commonly called the wildland-urban interface. Agreements between federal and nonfederal firefighting entities provide the framework for working together and sharing the costs of fire suppression efforts. GAO was asked to (1) review how federal and nonfederal entities share the costs of suppressing fires that burn or threaten both of their lands and resources and (2) identify any concerns that these entities may have with the existing cost-sharing framework. This testimony is based on GAO's May 2006 report *Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities* (GAO-06-570).

WHAT GAO RECOMMENDS

In its report, GAO recommended that the Secretaries of Agriculture and the Interior, working with relevant state entities, 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. The Forest Service and Interior generally agreed with the recommendations but the National Association of State Foresters disagreed, stating that the recommendations would not provide the flexibility needed to address the variability in local circumstances and state laws.

WHAT GAO FOUND

Federal and nonfederal entities used a variety of methods to share the costs of fighting wildland fires affecting both of their lands and resources. Cooperative agreements between federal and nonfederal firefighting entities—which are developed and agreed to by the entities involved—provide the framework for cost sharing and typically list several cost-sharing methods available to the entities. The agreements GAO reviewed, however, often lacked clear guidance for federal and nonfederal officials to use in deciding which method to apply to a specific fire. As a result, cost-sharing methods were applied inconsistently within and among states, even for fires with similar characteristics. For example, GAO found that in one state, the costs for suppressing a large fire that threatened homes were shared solely according to the proportion of acres burned within each entity's area of fire protection responsibility, a method that traditionally has been used. Yet, costs for a similar fire within the same state were shared differently. For this fire, the state agreed to pay for certain aircraft and fire engines used to protect the wildland-urban interface, while the remaining costs were shared on the basis of acres burned. In contrast to the two methods used in this state, officials in another state used yet a different cost-sharing method for two similar large fires that threatened homes, apportioning costs each day for personnel, aircraft, anal equipment deployed on particular lands, such as the wildland-urban interface. The type of cost-sharing method ultimately used is important because it can have significant financial consequences for the entities involved, potentially amounting to millions of dollars.

Both federal and nonfederal agency officials raised a number of concerns about the current cost-sharing framework. First, some federal officials were concerned that because guidance is unclear about which cost-sharing methods are most appropriate in particular circumstances, it can be difficult to reach agreement with nonfederal officials on a method that all parties believe distributes suppression costs equitably. Second, some nonfederal officials expressed concerns that the emergence of alternative cost-sharing methods is causing nonfederal entities to bear a greater share of fire suppression costs than in the past. In addition, both federal and nonfederal officials believed that the inconsistent application of these cost-sharing methods has led to inequities among states in the proportion of costs borne by federal and nonfederal entities. Finally, some federal officials also expressed concern that the current framework for sharing costs insulates state and local governments from the increasing costs of protecting the wildland-urban interface. Therefore, nonfederal entities may have a reduced incentive to take steps that could help mitigate fire risks, such as requiring homeowners to use fire-resistant materials and landscaping. On the basis of a review of previous federal reports and interviews with federal and nonfederal officials, GAO believes that these concerns may reflect a more fundamental issue—that federal and nonfederal entities have not clearly defined their basic financial responsibilities for wildland fire suppression, particularly those for protecting the wildland-urban interface.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss how federal and nonfederal entities share the costs of suppressing wildland fires that burn or threaten both federal and nonfederal lands and resources. As you know, fighting wildland fires—which can burn across federal, state, and local jurisdictions—requires significant investments of firefighting personnel, aircraft, equipment, and supplies, resulting in substantial and increasing fire suppression expenditures. Since 2000, federal suppression expenditures alone have averaged more than $1 billion annually. Firefighting efforts are mobilized through an interagency incident management system, which depends on the close cooperation and coordination of federal, state, tribal, and local fire protection entities. At the federal level, five principal agencies are involved in firefighting efforts—the Forest Service within the Department of Agriculture and the Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service within the Department of the Interior. Federal and nonfederal

firefighting entities share their personnel, equipment, and supplies and work together to fight fires, regardless of which entity has jurisdiction over the burning lands. Agreements between cooperating entities, commonly referred to as master agreements, govern these cooperative fire protection efforts and include general provisions for sharing firefighting costs.

My testimony today summarizes the findings of our report[1] released on June 13, 2006, which discusses (1) how federal and nonfederal entities share the costs of suppressing wildland fires that burn or threaten both of their lands and resources and (2) concerns federal and nonfederal entities have with the existing cost-sharing framework. To address these objectives, we reviewed applicable federal statutes, policies, and procedures; and federal and nonfederal studies related to wildland fire suppression costs. We reviewed master agreements between federal and nonfederal entities governing cooperative fire protection in 12 western states that frequently experience wildland fires.[2] We also reviewed fire records and interviewed federal and nonfederal firefighting officials to discuss methods chosen to share suppression costs for eight recent fires—two each in Arizona, California, Colorado, and Utah—which burned or threatened both federal and nonfederal lands and resources.[3]

SUMMARY

Federal and nonfederal entities used a variety of methods to share the costs of fighting wildland fires affecting both of their lands and resources, but they applied these varied methods inconsistently to fires with similar characteristics. Master agreements between firefighting entities provide the framework for cost sharing and, typically, list several cost-sharing methods available to the entities. The agreements we reviewed, however, often lacked clear guidance for federal and nonfederal officials to use in deciding which method to apply to a specific fire. As a result, cost-sharing methods were applied inconsistently within and among states, even for fires with similar characteristics. For example

- In one state, the costs for suppressing a large fire that threatened homes were shared solely according to the proportion of acres burned within each entity's area of fire protection responsibility.
- In the same state, costs for a similar fire were shared differently the state paid for certain aircraft and fire engines used to protect homes, while the remaining costs were shared on the basis of acres burned.
- In another state, officials used yet a different cost-sharing method for two similar large fires that threatened homes, apportioning costs each day for personnel, aircraft, and equipment deployed on particular lands, such as the wildland-urban interface, an area where homes and other structures are located in or near wildlands.

The type of cost-sharing method ultimately used is important because it can have significant financial consequences for the entities involved, potentially amounting to millions of dollars.

Federal and nonfederal agency officials we interviewed raised a number of concerns about the current cost-sharing framework.

- First, some federal officials said that because master agreements and other policies do not provide clear guidance about which cost-sharing methods to use, it has sometimes been difficult to obtain a cost-sharing agreement that they believe shares suppression costs equitably.
- Second, nonfederal officials were concerned that the emergence of alternative cost-sharing methods has caused nonfederal entities to bear a greater share of fire suppression costs than in the past. In addition, these officials, as well as some federal officials, were concerned that the federal government was treating nonfederal entities in different states differently, thereby creating inequities.
- Finally, some federal officials expressed concern that the current framework for sharing costs insulates state and local governments from the cost of protecting the wildland-urban interface, thereby reducing their incentive to take steps that

[1] GAO, *Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities,* GAO-06-570 (Washington, D.C.: May 30, 2006).

[2] The 12 states selected were Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. Although wildland fires can affect all states, we selected these western states because they have substantial federal lands and often experience wildland fires.

[3] The 12 master agreements reviewed, 4 states visited, and two wildland fires reviewed within each visited state are all nonprobability samples. Therefore, the results from these samples cannot be used to make inferences about all master agreements, states, or wildland fires.

could help mitigate fire risks and reduce suppression costs in the wildland-urban interface.

On the basis of our review of previous federal reports and interviews with federal and nonfederal officials, we believe these concerns may reflect a more fundamental issue—that federal and nonfederal entities have not clearly defined their financial responsibilities for wildland fire suppression, particularly for the wildland-urban interface.

BACKGROUND

Although wildland fires triggered by lightning are a natural, inevitable, and in many cases a necessary ecological process, past federal fire suppression policies have led to an accumulation of fuels and contributed to larger and more severe wildland fires. In recent years, both the number of acres burned by wildland fires and the costs to suppress fires have been increasing. From 1995 through 1999, wildland fires burned an average of 4.1 million acres each year; from 2000 through 2004, the fires burned an average of 6.1 million acres each year—an increase of almost 50 percent. During the same periods, the costs incurred by federal firefighting entities to suppress wildland fires more than doubled, from an average of $500 million annually to about $1.3 billion annually.[4] Although efforts to fight these larger, more severe fires have accounted for much of the increase in suppression costs, the continuing development of homes and communities in areas at risk from wildland fires and the efforts to protect these structures also contribute to the increasing costs. Forest Service and university researchers estimate that about 44 million homes in the lower 48 states are located in the wildland-urban interface. When fire threatens the wildland-urban interface, firefighting entities often need to use substantial resources—including firefighters, fire engines, and aircraft to drop retardant to fight the fire and protect homes.

As wildland fire suppression costs have continued to rise, increasing attention has focused on how suppression costs for multijurisdictional fires are shared. To share suppression costs for a specific fire, local representatives of federal and nonfederal firefighting entities responsible for protecting lands and resources affected by the fire—guided by the terms of the master agreement—decide which costs will be shared and for what period. They document their decisions in a cost-sharing agreement for that fire. According to federal officials, cooperating entities traditionally shared suppression costs on the basis of the proportion of acres burned in each entity's protection area because the method was relatively easy to apply and works well when the lands affected by a wildland fire are similar. Officials said that the use of alternative cost-sharing methods has been increasing in recent years.

UNCLEAR GUIDANCE AND INCONSISTENT APPLICATION OF COST-SHARING METHODS CAN HAVE SIGNIFICANT FINANCIAL CONSEQUENCES FOR ENTITLES INVOLVED

Federal and nonfederal entities included in our review used a variety of methods to share the costs of fighting fires that burned or threatened both federal and nonfederal lands and resources. Although master agreements between federal and nonfederal entities typically listed several cost-sharing methods, the agreements often lacked clear guidance for officials to follow in deciding which cost-sharing method to apply to a specific fire. Consequently, for eight fires we reviewed in four states, we found varied cost-sharing methods used and an inconsistent application of these methods within and among states, although the fires had similar characteristics. The type of cost-sharing method chosen is important because it can have significant financial consequences for the federal and nonfederal entities involved.

Master agreements provided cost-sharing framework, but those we reviewed lacked clear guidance

Master agreements provide the framework for federal and nonfederal entities to work together and share the costs of fighting wildland fires. The master agreements we reviewed for 12 western states all directed federal and nonfederal entities to develop a separate agreement, documenting how costs were to be shared for each fire that burned—or, in some cases, threatened to burn—across multiple jurisdictions. The master agreements varied in the cost-sharing methods specified:

- The master agreement for 1 state (Idaho) did not identify any specific cost-sharing method to use.

[4] These dollars have been adjusted for inflation using the gross domestic product price index, with fiscal year 2005 as the base year.

- The master agreements for 3 states (Alaska, Arizona, New Mexico) listed the acres-burned method as the primary or only method to be used. Although two of these agreements allowed the use of alternative cost-sharing methods, they did not explicitly state under what circumstances an alternative method would be appropriate.
- The master agreements for 8 remaining states listed multiple, alternative cost-sharing methods but did not provide clear guidance on when each method should be used.

Cost-sharing methods were inconsistently applied for the eight fires we reviewed

Federal and nonfederal entities used varied cost-sharing methods for the eight fires we reviewed, although the fires had similar characteristics. As shown in figure 1,* the cost-sharing methods used sometimes varied within a state or from state to state.

The costs for the two fires that we reviewed in Utah were shared using two different methods, although both fires had similar characteristics.

- For the Blue Springs Fire, federal and nonfederal officials agreed that aircraft and engine costs of protecting an area in the wildland-urban interface during a 2-day period would be assigned to the state and the remaining costs would be shared on the basis of acres burned. Federal and state officials explained that, because the Blue Springs Fire qualified for assistance from the Federal Emergency Management Agency (FEMA), state officials agreed to bear a larger portion of the total fire suppression costs.[5]
- For the Sunrise Complex of fires, in contrast, state officials were reluctant to share costs in the same manner. Although these fires also threatened the wildland-urban interface, they did not meet the eligibility requirements for FEMA reimbursement of nonfederal costs. Consequently, federal and nonfederal officials agreed to share costs for the Sunrise Complex on the basis of acres burned.

The costs for the two fires we reviewed in Arizona were also treated differently from each other.

- For the Cave Creek Complex of fires, federal and state officials agreed to share suppression costs using an acres-burned method for the southern portion of the complex, which encompassed federal, state, and city lands and required substantial efforts to protect the wildland-urban interface. The federal government paid the full costs for the northern portion of the fire.
- For the Florida Fire, federal and nonfederal officials were unable to reach an agreement on how to share costs. Officials from the affected national forest proposed a cost-sharing agreement, whereby the state would pay the costs of firefighting personnel, equipment, and aircraft used to protect the wildland-urban interface, and all other fire suppression costs would be paid by the federal government. The state official, however, did not agree with this proposal. He believed that the Forest Service, not the state, was responsible for protecting areas of the wildland-urban interface threatened by the Florida Fire and that he was not authorized to agree to the terms of the proposed agreement.[6]

Methods used to share suppression costs for fires with similar characteristics also varied among states. For example, costs for the fires we reviewed in California and Colorado were shared using methods different from those used for similar fires we reviewed in Arizona and Utah.

- In California, federal and nonfederal officials agreed to share the costs of two fires using the cost-apportionment method—that is, costs were apportioned on the basis of where firefighting personnel and equipment were deployed. Officials

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*Figure 1 has been retained in subcommittee files.

[5] Under its Fire Management Assistance Grant Program, FEMA provides financial assistance to nonfederal entities for the mitigation, management, and control of any fire on public or private forest land or grassland that would constitute a major disaster. Under this program, nonfederal entities can be reimbursed for 75 percent of the allowable fire suppression costs. FEMA evaluates the threat posed by a fire or fire complex according to the following criteria (1) threat to lives and improved property, including threats to critical facilities/infrastructure, and critical watershed areas; (2) availability of state and local firefighting resources; (3) high fire danger conditions, as indicated by nationally accepted indexes such as the national fire danger ratings system; and (4) potential major economic impact.

[6] Specifically, the state official said that under Arizona law, the state had no responsibility to protect the private lands and resources in the wildland-urban interface threatened by the Florida Fire because the fire did not threaten state lands, and the private properties that the fire threatened were not covered by cooperative fire agreements with the state.

said that they had often used this method since the mid-1980s because they believed that the benefit it provides in more equitable cost sharing among affected firefighting entities outweighs the additional time required to apportion the costs.

- In Colorado, federal and nonfederal officials agreed to share suppression costs for both of the fires we reviewed in that state using guidance they had developed and officially adopted in 2005, called "fire cost share principles." Under these principles, aviation costs for fires burning in the wildland-urban interface are shared equally for 72 hours, and other fire suppression costs, such as firefighting personnel and equipment, are shared on the basis of acres burned.

The cost-sharing method used can lead to significantly different financial outcomes

Having clear guidance as to when particular cost-sharing methods should be used is important because the type of method ultimately agreed upon for any particular fire can have significant financial consequences for the firefighting entities involved. To illustrate the effect of the method chosen, we compared the distribution of federal and nonfederal costs for the five fires we reviewed in which the actual cost-sharing method used was not acres burned with what the distribution would have been if the method used had been acres burned. We found that the distribution of costs between federal and nonfederal entities differed, sometimes substantially, depending on the cost-sharing method used. The largest differences occurred in California, which used the cost apportionment method.

- For the Deep Fire, using the cost-apportionment method, federal entities paid $6.2 million, and nonfederal entities paid $2.2 million. Had the costs been shared on the basis of acres burned, federal entities would have paid an additional $1.7 million, and nonfederal entities would have paid that much less because most of the acres burned were on federal land. According to federal and state officials, the nonfederal entities bore a larger share of the cost than they would have under an acres-burned method because of the efforts to protect nonfederal lands and resources.
- For the Pine Fire, using cost apportionment, federal entities paid $5.2 million, and nonfederal entities paid $8.1 million. Had an acres-burned method been used, federal entities would have paid about $2 million less, and nonfederal entities would have paid that much more. According to a federal official who worked on apportioning costs for that fire, the higher costs that the federal entities paid under cost apportionment were largely due to extensive firefighting efforts on federal land to ensure that the fire was extinguished.

In Colorado and Utah, the differences in federal and state entities' shares between the methods used and the acres-burned method were less pronounced, likely because the cost-sharing methods used still relied heavily on acres burned. In each case, federal entities' shares would have been more and nonfederal shares less had an acres-burned method been used, due to the efforts to protect the wildland-urban interface. For example, the federal share of costs for the Blue Springs Fire in Utah would have been about $400,000 more and the nonfederal share that much less if an acres-burned method had been used for the whole fire. In Colorado, we estimated that the federal share of costs for the Mason Gulch Fire would have been about $200,000 more and the nonfederal share that much less under an acres-burned method.

CURRENT COST-SHARING FRAMEWORK RAISES SEVERAL CONCERNS

Federal and nonfederal agency officials we interviewed raised a number of concerns about the current cost-sharing framework. First, some federal officials said that because master agreements and other policies do not provide clear guidance about which cost-sharing methods to use, it has sometimes been difficult to obtain a cost-sharing agreement that they believe shares suppression costs equitably. Second, nonfederal officials were concerned that the emergence of alternative cost sharing methods has caused nonfederal entities to bear a greater share of fire suppression costs than in the past. Finally, some federal officials expressed concern that the current framework for sharing costs insulates state and local governments from the cost of protecting the wildland-urban interface, thereby reducing their incentive to take steps that could help mitigate fire risks and reduce suppression costs in the wildland-urban interface. We believe these concerns may reflect a more fundamental issue—that is, that federal and nonfederal entities have not clearly defined their financial responsibilities for wildland fire suppression, particularly for the wildland-urban interface.

Lack of clear guidance can lead to difficulties in sharing costs

Some federal officials said that the lack of clear guidance can make it difficult to agree to use a cost-sharing method that they believe equitably distributes suppression costs between federal and nonfederal entities, particularly for fires that threaten the wildland-urban interface. As discussed, different cost-sharing methods were used for the two fires we reviewed in Utah, even though both fires required substantial suppression efforts to protect the wildland-urban interface. A federal official said that because of the state officials' unwillingness to use a method other than acres burned on one of the fires and because of the lack of clear guidance about which cost-sharing method should be used, he agreed to use an acres-burned method and did not seek a cost-sharing agreement that would have assigned more of the costs to the nonfederal entities. Some federal officials in Arizona expressed similar views, saying that the lack of clear guidance on sharing costs can make it difficult to reach agreement with nonfederal officials. For example, federal and state officials in Arizona did not agree on whether to share costs for one fire we reviewed in that state.

Officials from the Forest Service's and the Department of the Interior's national offices agreed that interagency policies for cost sharing could be clarified to indicate under what circumstances particular cost-sharing methods are most appropriate. They said that the acres-burned method, for example, is likely not the most equitable method to share costs in cases where fires threaten the wildland-urban interface. Officials noted that the National Fire and Aviation Executive Board—made up of the fire directors from the five federal land management agencies and a representative from the National Association of State Foresters—was developing a template for both master and cost-sharing agreements. As of May 2006, this template had not been finalized, but our review of a draft version indicated that the template might not provide additional clarity about when each cost-sharing method should be used.

Nonfederal officials were concerned about increased costs and equity among States

While federal officials expressed the need for further guidance on how to share costs, nonfederal officials were concerned that the emergence of alternative cost-sharing methods was leading state and local entities to bear a greater share of suppression costs than in the past, and they questioned whether such an increase was appropriate. Nonfederal officials also said that wildland fire suppression costs already posed budgetary challenges for state and local entities and that using alternative cost-sharing methods more often could exacerbate the situation. State officials said that if a state's suppression costs in a given year exceed the funds budgeted, they must seek additional state funds, which can be difficult. Moreover, they said, in many states, protecting structures is primarily a local responsibility, and many local entities are unable to pay the costs of fighting a large fire that threatens the wildland-urban interface.[7] Although clarifying guidance about which cost-sharing methods are most appropriate for particular circumstances could cause nonfederal entities to bear more wildland fire suppression costs, over the long term, such clarification would also allow each entity to better determine its budgetary needs and take steps to meet them.

In addition to their concerns about increased costs, nonfederal as well as federal officials were concerned that the federal government was treating nonfederal entities in different states differently, thereby creating inequities. Federal and nonfederal officials said that because some states use particular cost-sharing methods more often than other states, the proportion of costs borne by federal and nonfederal entities likely varies from state to state, resulting in nonfederal entities' paying a higher proportion of costs in some states and a lower proportion in other states. Clarifying which cost-sharing methods should be used in particular situations could increase nonfederal officials' assurance that the federal government is treating them equitably relative to other states.

Cost-sharing framework may reduce incentives to mitigate fire risks in the wildland-urban interface

Federal officials said that the current cost-sharing framework insulates state and local governments from the cost of protecting the wildland-urban interface. As. we have previously reported, a variety of protective measures are available to help protect structures from wildland fire including (1) reducing vegetation and flammable objects within an area of 30 to 100 feet around a structure and (2) using fire-resist-

[7] Some states have provisions whereby wildland fires exceeding the logistic and financial capabilities of local entities can be managed and paid for by the state, but officials said that state funds to do so are also limited.

ant roofing materials and covering attic vents with mesh screens.[8] However, some homeowners and homebuilders resist using these protective measures because they are concerned about aesthetics, time, or cost. As a result, federal and nonfederal officials said, it can be politically difficult for state and local governments to adopt—and enforce—laws requiring such measures, and many at-risk areas have not done so. The states and communities we visited exhibited various degrees of progress in adopting laws requiring protective measures. For example, California requires homeowners in the wildland-urban interface to maintain 100 feet of defensible space and, in areas at particularly high risk from wildland fires, also requires new structures to be constructed with fire-resistant roofing materials and vents. The other states we visited do not have such statewide requirements, but they are taking a variety of steps to require or encourage protective measures. For example, Utah passed a law in 2004 requiring its counties to adopt standards for landscaping and building materials if they want to be eligible to receive state funds to assist with fire suppression costs. Other counties had efforts underway to educate homeowners about measures they could use to reduce their risk without requiring that such measures be used.

Federal officials expressed concern—and some nonfederal officials acknowledged—that the use of cost-sharing methods that assign more costs to federal entities, and the availability of federal emergency assistance, insulate state and local governments from the cost of providing wildland fire protection. These federal officials pointed out that wildland fires threatening structures often require added suppression efforts. Under some cost-sharing methods, such as acres burned, federal entities often end up paying a large proportion of the costs for these efforts. Some federal and nonfederal officials also noted that the availability of FEMA assistance to nonfederal entities—which can amount to 75 percent of allowable fire suppression costs for eligible fires—further insulates state and local governments from the cost of protecting the wildland-urban interface. Of the eight fires included in our review, nonfederal officials were seeking reimbursement for the allowable costs of the five fires that FEMA determined met eligibility requirements. Federal officials suggested that to the extent that state and local governments are insulated from the cost of protecting the wildland-urban interface, these governments may have a reduced incentive to adopt laws requiring homeowners and homebuilders to use protective measures that could help mitigate fire risks. Some officials said that by requiring homeowners and homebuilders to take such measures, more of the cost of protecting the wildland-urban interface would then be borne by those who chose to live there.

Officials' concerns may reflect ambiguity over financial responsibilities

On the basis of our review of previous federal reports and interviews with federal and nonfederal officials, we believe that the concerns we identified may reflect a more fundamental issue—that federal and nonfederal firefighting entities have not clearly defined their fundamental financial responsibilities for wildland fire suppression, particularly those for protecting the wildland-urban interface. Federal officials said that the continuing expansion of the wildland urban interface and rising fire suppression-costs for protecting these areas have increased the importance of resolving these issues. Federal wildland fire management policy states that protecting structures is the responsibility of state, tribal, and local entities; but the policy also says that, under a formal fire protection agreement specifying the financial responsibilities of each entity, federal agencies can assist nonfederal entities in protecting the exterior of structures threatened by wildland fire. Federal and nonfederal officials agreed that federal agencies can assist with such actions, but they did not agree on which entities are responsible for bearing the costs of these actions. Federal officials told us that the purpose of this policy is to allow federal agencies to use their personnel and equipment to help protect homes but not to bear the financial responsibility of providing that protection. Nonfederal officials, however, said that these actions are intended to keep a wildland fire from reaching structures, and financial responsibility should therefore be shared between both federal and nonfederal entities.

Further, the presence of structures adjacent to federal lands can substantially alter fire suppression strategies and raise costs. A previous federal report and federal officials have questioned which entities are financially responsible for suppression actions taken on federal lands but intended primarily or exclusively to protect adjacent wildland-urban interface. Fire managers typically use existing roads and geographic features, such as rivers and ridgelines, as firebreaks to help contain wildland fires. If, however, homes and other structures are located between a fire

[8] GAO, *Technology Assessment: Protecting Structures and Improving Communications during Wildland Fires,* GAO-05-330 (Washington, D.C.: Apr. 26, 2005).

and such natural firebreaks, firefighters may have to construct other firebreaks and rely more than they otherwise would on aircraft to drop fire retardant to protect the structures, thereby increasing suppression costs. Nonfederal officials in several states, however, questioned the appropriateness of assigning to nonfederal entities the costs for suppression actions taken on federal lands. These officials, as well as officials from the National Association of State Foresters, said that accumulated fuels on federal lands is resulting in more severe wildland fires and contributing to the increased cost of fire suppression. They also said that federal agencies are responsible for keeping wildland fires from burning off federal land and should, therefore, bear the costs of doing so. Federal officials in the states we visited recognized this responsibility, but some also said that with the growing awareness that wildland fires are inevitable in many parts of the country, policy should recognize that wildland fires will occur and are likely to burn across jurisdictional boundaries. In their view, those who own property in areas at risk of wildland fires share a portion of the financial responsibility for protecting it. Previous federal agency reports also have recognized this issue and have called for clarifying financial responsibility for such actions.

CONCLUSIONS

Wildland fires are inevitable and will continue to affect both federal and nonfederal lands and resources. Federal, state, and local firefighting entities have taken great strides to develop a cooperative fire protection system so that these entities can effectively work together to respond to these fires. Efforts are now needed to address how to best share the costs of these cooperative fire protection efforts when the fires burn or threaten multiple jurisdictions, particularly when suppression efforts may focus more heavily on one entity's lands and resources. The need for clear guidance on when to use a particular cost-sharing method is becoming more acute as the wildland-urban interface continues to grow and wildland fire suppression costs continue to increase. Before such guidance can be developed, however, federal and nonfederal entities must agree on which entity is responsible for the costs of protecting areas where federal and nonfederal lands and resources are adjacent or intermingled, particularly in the wildland-urban interface. Without explicit delineation of financial responsibilities, federal and nonfederal entities' concerns about how these costs are shared are likely to continue.

Thus, to strengthen the framework for sharing wildland fire suppression costs, we recommended that the Secretaries of Agriculture and the Interior, working in conjunction with relevant state entities, provide more specific guidance as to when particular cost-sharing methods should be used and clarify the financial responsibilities for suppressing fires that burn, or threaten to burn, across multiple jurisdictions.

In responding to our report, the Forest Service and the Department of the Interior generally agreed with the findings and recommendations. The National Association of State Foresters did not agree, stating that developing national guidance would not provide the flexibility needed to address the variability in local circumstances and state laws. Although we agree that a certain amount of flexibility is needed, without more explicit guidance to assist local federal and nonfederal officials responsible for developing cost-sharing agreements for individual fires, the inconsistencies in how suppression costs are shared within and among states are likely to continue, along with concerns about perceived inequities.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

Senator CRAIG. Bob, thank you very much.

Now we turn to two of our key agencies involved certainly in this fire issue, that of the the U.S. Forest Service, Department of Agriculture, and the Department of the Interior. I say to both of you before you start your testimony, the reality of what we are dealing with here is that the one segment of your budget that is truly out of control or unpredictable in many respects is this issue. That is obviously why we are focusing on it at the moment and why we feel it is so critically necessary that you do that.

With that, let me turn to the Honorable Mark Rey, the Under Secretary for Natural Resources and Environment of the Department of Agriculture. Mark, it has been a few months since we have had you here. Welcome back.

STATEMENT OF MARK REY, UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. REY. It seems just like yesterday.

Senator CRAIG. I bet it does.

Mr. REY. Thank you for the opportunity to appear before you today to provide the administration's view concerning the aforementioned GAO report. As the Department of the Interior and the Department of Agriculture work closely together in fire management, we will be providing a joint statement. I will be providing some background. Secretary Scarlett will then be giving you the administration's views on the report per se.

In our previous hearings here this year, we discussed fire preparedness, aviation, hazardous fuels reduction work, partnerships, and our efforts to contain the costs of large fires. Large fire events are costly and Congress has routinely expressed its concern about rising fire suppression costs. We share those concerns and are working to address suppression costs.

Over the last few years we have reported regularly to Congress on the steps we have taken to address the hazardous fuel situation, which will be a principal response to reducing fire costs. Likewise, we have reported on the growth of the wildland-urban interface. Our research estimates that 9 percent of the land and 31 percent of the homes in the United States are located in the wildland-urban interface, where jurisdictions overlap and fire suppression is more expensive.

The Forest Service, the Department of the Interior agencies, and our partners operate the largest wildland fire management program in the world. These agencies and partners pioneered the use of the incident command system in the 1970's in order to respond to wildland fires. Wildland firefighters realized that a standard organizational structure would help them communicate, set priorities, and be more effective in rapidly changing situations.

The incident command system has proven itself to be adaptable and it has provided a common system to unify emergency responders from Federal, tribal, State, and local organizations to fight fire or respond to other types of emergency situations. Incident command teams use their logistical, organizational, and adaptation skills to rapidly deploy people and resources from many areas and to respond for a wide variety of tasks needed during emergencies.

Over the past 15 to 20 years, the wildland firefighting agencies have developed relationships with our State cooperators. As time evolved, sharing of jurisdictional responsibilities continued to grow due to proximity of resources from an agency rather than each agency having to staff all areas of ownership. This created the need for enhanced cooperative agreements.

In the mid-1980's the assistance of these cooperators on Federal fires grew, as well as the joint suppression of fires that crossed boundaries. Local units would develop individual cost-sharing agreements for each incident, but refer back to the master cooperative agreement. The basis for cost-sharing was typically acres burned in the end or a combination of acres burned and the costs associated with the first 24 hours of support.

Since the mid-1990's, the complexity of responding to joint ownership fires as well as the growth of the wildland-urban interface has prompted different bases for cost-sharing. Those were the bases that GAO reviewed and by and large we agree with many of their recommendations, as Secretary Scarlett will shortly indicate.

Before I conclude, I would like to submit for the record a recent article from the National Journal which commented that: "The wildland firefighting area is the one area where the joint Federal, State, and local government entities are most adept at responding to national disasters or natural hazards, as opposed to other areas."*

So in what we do in evaluating our cost-sharing allocations here, we want to make sure that the cure is not worse than the disease.

Finally, I would like to respond to two of Senator Wyden's comments because I thought in some respects they were unfair. What we are in the process of doing is amending existing cooperative—an existing template for cooperative agreements. We have a template for cooperative agreements now. They can be made better. In order to be made better, we are going to have to have the involvement of our State partners and that is, as you might suspect, taking some time because there are 50 of them and they operate under 50 different sets of State laws. So I think that time is better spent making sure we get it right and improve on what we have, as opposed to doing it quickly and badly.

Suffice it to say that for this fire season we will continue to operate and fight fires successfully, achieving a greater than 98 percent rate of success on initial attack, under the existing template for the master cost-share. Those will be improved for the next fire season.

Now, about the Blossom fire specifically, it seems that the Blossom fire, after it was reviewed by the congressionally designated cost control panel, that panel believed that we overpaid the State of Oregon. So we have been negotiating with the State to see what their level of agreement is with the recommendations of the congressionally designated cost control panel. Not surprisingly, they are taking some issue with some of those recommendations. We will work our way through those.

But Senator, you are in a position today to put a word in with the Governor. We could close this out tomorrow if the Governor is willing to accept the recommendations of the Congressional panel.

With that, I turn the podium over to Secretary Scarlett.

Senator CRAIG. Lynn, welcome.

Mark, thank you very much. Lynn, welcome to the committee again, the Honorable Lynn Scarlett, Deputy Secretary, Department of the Interior.

Lynn.

STATEMENT OF LYNN SCARLETT, DEPUTY SECRETARY, DEPARTMENT OF THE INTERIOR

Ms. SCARLETT. Thank you, Senator. Thank you, Mr. Chairman and Senator Wyden and members of this committee, for holding this hearing on a topic that is important to all of us.

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*The article has been retained in subcommittee files.

The GAO report we believe does accurately highlight the complexities of large multi-jurisdictional fires, especially those that occur in the wildland-urban interface. I want to underscore that for us safety is unequivocally our top priority and must drive much of our decisionmaking. Fires in areas populated by homes and citizens generate a larger, more aggressive response that includes the use of both structural and wildland engines, aircraft, and additional crews and equipment. These lands often fall under a mix of ownership and jurisdictions that typically involve a response from Federal, State, county, and local departments, which adds to the complexity and challenges associated with achieving equitable cost-sharing.

The GAO report identifies the inconsistent application of cost-sharing, which has led to some inequities in the proportion of costs borne by Federal and non-Federal entities. It has also resulted in some lack of clarity on responsibilities and roles. The Departments agree with the GAO report that more guidance is needed as to when a particular cost-sharing method should be used in order to clarify an entity's financial responsibilities. We also agree that cost-sharing should be equitable.

Experience suggests that the current framework for sharing costs, including the availability of funds from FEMA to reimburse non-Federal entities, in certain cases may result in higher than necessary costs. For example, this year in the State of Oklahoma they requested and were receiving funding from FEMA due to the severity of the fire season. This funding was based in part on indices of the fire hazard or the likelihood of fire to occur. Once the indices reached a benchmark indicating an increased potential for fire, FEMA would provide the State with 75 percent cost reimbursement for fire resources.

The State placed a request to the National Inter-Agency Fire Center for a type 2 helicopter. The most cost-efficient aircraft to fill this order was a helicopter on an exclusive use contract in Idaho. Costs for call-when-needed aircraft are higher than those on exclusive use contracts. Given the lower daily availability cost, the mobilization cost was absorbed over the time of deployment in Oklahoma. When the indices changed and FEMA no longer supported the cost of the aircraft's daily availability, the aircraft was released and returned to Idaho. Within a few days, the indices returned to the higher threat level and a new request for a similar aircraft was placed. Once again, the same aircraft was the most cost-efficient choice and it was re-mobilized to Oklahoma. The cost of mobilizing the helicopter twice to Oklahoma exceeded the cost of simply daily availability had it just remained there.

We appreciate GAO's balanced and thorough examination of the issues surrounding cost-sharing among Federal, State, and local entities. The Departments, as Mark has mentioned, have already begun crafting an inter-agency template and update of our current practices to assist in addressing a number of cost-sharing issues.

In 2005 the National Fire and Aviation Executive Board, made up of fire managers from Federal agencies, developed a template for cost-sharing agreements. This template, as Mark noted, is currently being reviewed. It provides a framework of five different kinds of cost-sharing agreements. We will continue to develop guid-

ance to be used in negotiating cost-share agreements among the Federal Government and our various partners. It is our intent to finalize this guidance before the beginning of the next fire season, and I thank you for the opportunity to discuss this issue.

Happy to answer any questions.

[The prepared joint statement of Mr. Rey and Ms. Scarlett follows:]

PREPARED JOINT STATEMENT OF MARK REY, UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE AND LYNN SCARLETT, DEPUTY SECRETARY, DEPARTMENT OF THE INTERIOR

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear before you to provide the Administration's view concerning the May 2006 Report by the Government Accountability Office (GAO) entitled "Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities." As the Department of the Interior and the Department of Agriculture work closely together in fire management, the two Departments are providing a joint statement.

In our previous appearances this year before this Subcommittee, we have discussed fire preparedness, fire aviation, hazardous fuels reduction work, partnerships, and our efforts to contain the costs of large fires. Large fire events are costly and Congress has routinely expressed its concerns about rising fire suppression costs. We share those concerns and are working to address suppression costs.

Multiple factors contribute to the expense of fighting fires including weather, fuel type, terrain, and location with respect to the wildland urban interface and other highly valued landscapes as well as managerial decisions made before and during fire incidents. Over the last few years, we have reported regularly to Congress on the steps we have taken to address the hazardous fuels situation. Likewise, we have reported to you on the growth of the wildland urban interface. Forest Service and University research estimates that 9 percent of the land area and 39 percent of the homes in the United States are located in the wildland urban interface where jurisdictions overlap and fire suppression is more expensive. Programs such as FIREWISE help those who live in fire-prone areas learn how to protect their homes with a survivable, cleared space and how to build their houses with fire resistant materials.

The Forest Service, the Department of the Interior agencies, and our partners operate the largest wildland fire management program in the world. These agencies and partners pioneered the use of the Incident Command System in the 1970s in order to respond to wildland fires. Wildland firefighters realized that a standard organizational structure would help them to communicate, set priorities, and be more effective in rapidly changing situations. The Incident Command System has proved itself to be adaptable and has provided a common system to unify emergency responders from Federal, Tribal, State, and local organizations to fight fire or respond to other types of emergency situations. Incident command teams use their logistical, organizational, and adaptation skills to rapidly deploy people and resources form many areas and respond to a wide variety of tasks needed during emergencies. For many cases, the use of unified command is the most efficient means to facilitate communications and actions with all first responders. Jurisdictional responsibilities can be effectively combined within a unified command structure to address wildland fires, particularly within the wildland urban interface. This sharing of jurisdictional responsibility in conjunction with the increased incidence of wildland fire within the wildland urban interface, has added to the complexity for equitably sharing the costs of suppressing a wildland fire.

Over the past 15 to 20 years the Federal wildland fire agencies have developed relationships with state cooperators. As time evolved, sharing of jurisdictional responsibilities continued to grow due to the proximity of resources from an agency, rather than each agency having to staff all areas of ownership. This created the need for enhancing cooperative agreements. In the mid-1980s, the assistance of these cooperators on Federal fires grew, as well as the joint suppression of fires that crossed ownership boundaries. Local units developed individual cost sharing agreements for each incident, but referred back to the master cooperative agreement. The basis for cost sharing was typically acres burned in the end, or a combination of acres burned, and the first 24 hours of support. Since the mid-1990s, the complexity of responding to joint ownership fires, as well as the growth in the wildland urban

interface, has prompted a different basis for cost sharing, but no standard has been established.

The GAO report on cost sharing between Federal and non-Federal entities accurately highlights the complexities associated with large, multi jurisdictional fires, especially in those that occur in wildland urban interface areas. Given that safety is unequivocally the top priority, fires in areas populated by homes and citizens generate a larger, more aggressive response that includes the use of both 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 departments. These factors increase the complexity and costs associated with incident response in wildland-urban interface areas.

The GAO report identifies the inconsistent application of cost-sharing which has led to inequities in the proportion of costs borne by federal and nonfederal entities. Lack of guidance in determining responsibilities can lead to difficulties in reaching agreement for appropriate levels of sharing costs. The report highlighted the need to define the financial responsibilities for wildland fire suppression for federal and nonfederal entities particularly in the wildland urban interface. The definition of these responsibilities needs to occur prior to a wildfire incident, preferably prior to fire season.

The GAO report recommends that the Secretaries of the Interior and Agriculture, working with relevant state agencies, provide more specific guidance as to when particular cost share methods should be used and clarify financial responsibilities. Over the years, a number of cost containment reports have also noted the complexity of sharing costs for these multi jurisdictional fires. The Departments agree with the GAO report that more guidance is needed as to when a particular cost sharing method should be used in order to clarify an entity's financial responsibilities. We also agree cost sharing should be equitable.

Experience suggests that the current framework for sharing costs, including the availability of funds from the Federal Emergency Management Agency (FEMA) to reimburse non-Federal entities in certain cases, results in additional costs to the Federal government.

We appreciate the GAO's balanced and through examination of the issues surrounding cost sharing among Federal, State, and local entities. The Departments recognize the need to negotiate cost-sharing methods that will take into account the multitude of factors that occur in each incident. We have already begun crafting an interagency template to assist in addressing a number of cost sharing issues. In 2005, the National Fire and Aviation Executive Board, made up of fire managers from the Federal agencies, developed a template for cost sharing agreements. This template is currently being reviewed. We will continue to develop guidance to be used in negotiating cost share agreements among the Federal government and our various non-Federal partners.

The GAO report provides thoughtful recommendations that will help guide us in our efforts to ensure consistency and equity in cost sharing agreements among the Federal government and our various non-Federal partners. It is our intent to finalize this guidance before the beginning of the next fire season.

Thank you for the opportunity to discuss this issue. We would be happy to answer any questions you might have.

Senator CRAIG. Lynn, thank you very much.

Now let me introduce to the committee Anne Heissenbuttel—good, thank you, got it right—executive director, National Association of State Foresters. Welcome to the committee, Anne.

STATEMENT OF ANNE HEISSENBUTTEL, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE FORESTERS

Ms. HEISSENBUTTEL. Thank you, Mr. Chairman, Senator Wyden, and members of the subcommittee. I wish to extend apologies from the State Forester of Arizona, Kirk Rowdabaugh, since he could not——

Senator CRAIG. I checked the morning news. I know why he is not here.

Ms. HEISSENBUTTEL. Yes, he is dealing with fires.

Senator CRAIG. All right. Thank you.

Ms. HEISSENBUTTEL. You have his written statement for the record. I am pleased to summarize his remarks and answer your questions on behalf of the National Association of State Foresters.

We appreciate GAO's emphasis on equity and fairness in the cost-share process. However, we do have several concerns with GAO's conclusions in the report on wildland fire suppression cost-sharing. First, as the report acknowledges, the review of eight fires in four States over 2 years time does not provide a statistically valid sample on the effects of various cost-share methodologies. Likewise, GAO reviewed agreements in 12 Western States, but did not review any agreements or fires in the Eastern half of the country. We believe that if GAO had looked at fires over a number of years in a broader geographical area, they may have found that any short-term inequities between parties would balance out over time.

We also disagree with GAO that the Secretaries of Agriculture and Interior and State forestry agencies need more specific guidance on when particular cost-sharing methods should be used. I am referring to the new template that we are hoping to have out in place very soon. A cost-share agreement must provide flexibility for all parties to address changing situations. It cannot be constructed as a contract with hard, inflexible specifications. Variables such as response need and capability, fire activity and severity, and State legislative authorities all preclude development of specific guidance that might be applied under all circumstances across the country.

Instead, NASF believes that the national template for Master Cooperative Wildland Fire Management and Stafford Act response agreements, the new draft that is currently being developed by the National Fire and Aviation Executive Board, in which State foresters have been involved in the development, that it will provide appropriate guidance for cost-share agreements. Although that template is not definitive regarding which cost-share option to use under specific circumstances, it provides the flexibility needed by line officers to address variability in terrain, fuels, values at risk, and State and local legal authorities and protection responsibilities. Further efforts to find specific circumstances for use of one cost-share method or another or to identify the point at which a fire crosses an arbitrary threshold we feel would be neither helpful nor productive.

The draft language in the template provides five methods to determine the best cost-share mix, as Secretary Scarlett just mentioned. It specifies that the first three options are typically best used on smaller, less complex incidents. The last two methods are better used for larger, more complex incidents, and we explain that in our written testimony.

Finally, we disagree with GAO's conclusion that the Secretaries must clarify financial responsibilities for suppressing fires that burn or threaten to burn across multiple jurisdictions. The Federal wildland policy defines Federal fire protection responsibilities, including operations in the wildland-urban interface. We believe the Federal agencies have a clear obligation to keep fires originating on their lands from spreading off of Federal lands to other ownerships. It is also the responsibility of State and local governments to define their financial obligations through State law and local codes and

ordinances. Therefore, we believe it is neither feasible nor appropriate to strictly define at the national level the financial responsibilities for suppressing wildfires that burn across jurisdictional boundaries. Instead, financial decisions must be determined on a State by State basis and even from fire to fire.

In summary, NASF is committed to working with our Federal partners to provide the best wildland fire protection programs possible. We are committed to working to ensure that all levels of government pay their appropriate share of the costs. We believe the draft template for master coop agreements will appropriately fill this need by providing the guidance and the flexibility that is needed to assure costs are shared in the most equitable way. We hope and expect that the template will be finalized in time for use by State and Federal agencies when they develop their cost-share agreements in advance of next year's fire season and, as Mark Rey has already said, we do have a template in place that is being used for this year.

Thank you, Mr. Chairman, Senator Wyden, for the opportunity to present our testimony. I would be happy to answer any questions.

[The prepared statement of Mr. Rowdabaugh follows:]

PREPARED STATEMENT OF KIRK ROWDABAUGH, STATE FORESTER OF ARIZONA, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. Chairman and Members of the Subcommittee: My name is Kirk Rowdabaugh and I am the State Forester of Arizona. Last year, I represented the National Association of State Foresters (NASF) on the strategic issues panel, chartered by the Wildland Fire Leadership Council, which recently completed an in-depth study of wildland fire cost containment issues. I am here today representing the National Association State of Foresters, a non-profit organization that represents the directors of the fifty state forestry agencies, eight U.S. territories, and the District of Columbia. State Foresters manage and protect state and private forests across the U.S. On their behalf, I am pleased to offer the following statement for the record.

NASF has reviewed the GAO report, "Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing among Federal and Nonfederal Entities",* and has several concerns. First, we believe that GAO's conclusions are not adequately supported by their data. As the report acknowledges, the review of eight fires in four states over two years does not provide a statistically valid sample. Likewise, GAO only reviewed agreements in 12 western states and did not review any agreements or any fires in the eastern half of the country. While we are interested in the study results, we believe that if GAO had looked at a series of joint jurisdiction fires over a number of years, they would have found that any perceived short-term inequities between parties would eventually balance out over time.

Second, we disagree with the GAO recommendation for executive action, which reads: "To strengthen the framework for sharing wildland fire suppression costs, GAO recommends that the Secretaries of Agriculture and the Interior, working in conjunction with relevant state entities, provide more specific guidance as to when particular cost-sharing methods should be used and clarify the financial responsibilities for suppressing fires that burn or threaten to burn across multiple jurisdictions." A cost-share agreement must provide the necessary flexibility for all parties to adjust to a changing situation. It cannot be constructed as a contract with hard, inflexible specifications. Variables such as response need and capability, fire activity and severity, and state legislative authorities preclude the ability to develop specific guidance that can be applied under all circumstances across the country.

NASF believes that the national template for Master Cooperative Wildland Fire Management and Stafford Act Response Agreements (the template) currently being developed by the National Fire and Aviation Executive Board (a board comprised of the national fire directors of the USDA Forest Service, four Bureaus within the Department of the Interior, and NASF) will provide appropriate guidance for cost-share agreements. As the GAO report notes, this draft template identifies the re-

* The report has been retained in subcommittee files.

quirement for a cost-share agreement and defines the various options available to line officers. Although the guidance in the template is not definitive regarding which cost-share option to use under specific sets of circumstances, it provides the necessary flexibility needed by line officers to effectively address local variability in terms of terrain, fuels, and values at risk, as well as state and local legal authorities and protection responsibilities. We believe that further efforts to define the specific circumstances that would warrant the selection of one cost-share method over another, or identify the point at which a fire crosses some arbitrary threshold, will be neither productive nor helpful. Federal and state line officers need the flexibility to jointly craft cost-share agreements appropriate to the complexity of the incident, rather than attempt to apply rigid, national guidelines that may not fit their local circumstances. The current, draft language in the template is as follows:

> "Fire suppression costs will be determined from the information supplied in this section. There are several ways to determine the best cost-share mix. A, B, and C are typically used on smaller, less complex incidents; D and E on larger, more complex incidents:
>
> A. Each Agency pays for their own resources—fire suppression efforts are primarily on jurisdictional responsibility lands.
>
> B. Each Agency pays for their own resources—services rendered approximate the percentage of jurisdictional responsibility, but not necessarily performed on those lands.
>
> C. Cost share by percentage of ownership or Agency jurisdictional responsibility.
>
> D. Cost is apportioned by geographic division. Examples of geographic divisions are: Divisions A and B (using a map as an attachment); privately owned property with structures; or specific locations such as campgrounds.
>
> E. Reconciliation of daily estimates (for larger, multi-day incidents). This method relies upon daily agreed to cost estimates, using Incident Action Plans or other means to determine multi-Agency contributions. Reimbursements can be made upon estimates instead of actual bill receipts."

Finally, we disagree with the GAO conclusion that it is the responsibility of the Secretaries of Agriculture and the Interior to "clarify financial responsibilities for suppressing fires that burn or threaten to burn across multiple jurisdictions." The Secretaries clearly have the responsibility to clarify federal responsibilities on federal lands which, in fact, they have done. The 1995 Federal Wildland Fire Policy, as revised in 2001, accurately defines federal fire protection responsibilities, including operations in the wildland-urban interface. We believe that federal responsibilities on federal lands are clear: federal agencies have an obligation to keep fires originating on their lands from spreading off federal lands on to other ownerships. On the other hand, it is the responsibility of state and local government to define their financial obligations through state law and local ordinances and codes. As states are independent entities, their laws, ordinances, and codes are frequently different from one another. Therefore, we believe that it is neither feasible nor appropriate to attempt to strictly define at the national level the financial responsibilities for suppressing wildfires that burn across federal/nonfederal jurisdictional boundaries. Federal agencies must recognize that differences in state laws require that financial decisions on sharing suppression costs must be determined on a state-by-state basis. We believe the draft national template for Master Cooperative Agreements will help ensure that such decisions are equitable to all parties while retaining the need for flexibility from state to state and fire to fire.

NASF is committed to working with our federal partners to provide the best wildland fire protection programs possible in order to protect U.S. citizens, their property, and our valuable natural resources. We are committed to working to ensure that all levels of government pay their appropriate share of the costs. We believe the draft template for Master Cooperative Agreements will appropriately fill this need by providing the necessary guidance and flexibility to ensure that costs are shared between federal and state agencies in the most equitable way. We expect the template will be finalized in time for use by state and federal agencies when they develop their cost share agreements in advance of the 2007 fire season.

Thank you, Mr. Chairman and members of the Subcommittee, for the opportunity to present our testimony. I would be happy to answer any questions you may have.

Senator CRAIG. Thank you all very much. Instead of breaking you into two panels, I want all of you at the table at the same time because it is obvious there is work in progress, along with a concern about these relationships and the indices of measurement as

it relates to who pays what and in what way. So, as I direct questions at an individual, if an additional input by others you feel is appropriate, please involve yourselves so we can have an interactive discussion on this issue.

Director Robinson, as part of the GAO study you testified both that acres burned formula cost-sharing against the actual cost method for fighting fires were examined. The data suggest some very large swings in which entity would benefit. Unfortunately, there was not a consistent pattern that showed which methodology would benefit the States and the Federal entities. So I guess my question to you is, understanding that you only compared the two methodologies on four fires, did your investigators get any sense that one methodology might advantage either party if consistently applied in all States on all fires?

Mr. ROBINSON. Thank you, Mr. Chairman. Your premise is correct that, with eight fires in total examined in our methodology, we do not have generalizable results. So I will have to speak to the results that we saw in the five fires where an alternative to a pure acres-burned methodology was used. In three of those cases, the Federal Government turned out to have been better off under the alternative. In one case the Federal Government paid more than they would have under acres burned and in one case it was essentially a wash.

So with that, I guess at the end of the day I have to say it depends. We do not have enough evidence to say conclusively, one way or the other, that one system or another would benefit the States or the Federal Government.

I would point out, coming back to what I said earlier, that I do think that greater clarity and sort of having default options, agreed-upon options, have the potential to benefit everybody from a variety of angles, including budgetary certainty and potentially cost containment and cost reduction.

Mr. REY. Senator, I think our sense of that is that generally speaking allocating costs through apportionment would benefit the Federal Government more frequently than allocating costs on the basis of acres burned. But that is not to say that that is the best approach in every instance. In small fires, we will spend money doing the cost apportionment when it might be just as easy and ultimately cheaper to do it on the basis of acres burned. But in specific response to your question, our general feeling is that cost apportionment as a methodology would typically benefit us more often.

Senator CRAIG. In the template that you are at work on, where do you think you will come in in relation to how you allocate costs? Or will there be a variable or flexibility as to how you allocate and, if so, what might trigger that?

Ms. SCARLETT. Senator, the template has five different cost allocation methods proposed. The reason for the five is that, as Mark pointed out, you are really balancing on the one hand ease of administration, so that you are not spending more time trying to get the cost allocation than you are actually benefiting from that effort—so on the one hand you are balancing that with other factors, such as equity and the precision with which the resources are allocated to those that use them.

So what we propose in this template is flexibility, and the factors that would determine which one you would use would tend to be, if it is a smaller simpler fire you want just the easier method that does not require a lot of calculations. If it is one of our large, complex fires, there the cost allocation method, as Mark stated, is likely to be utilized and recommended more frequently.

Mr. REY. I would add as well, per the legislation that you enacted 2 years ago, you have an independent panel that Congress created reviewing both cost containment and cost allocation on any fires over $10 million. So there is going to be a second look at that independent of either the Federal or the State cooperators.

Senator CRAIG. My time is about up. But Anne, how do we assure under this method that there is not only the appearance of, but the reality of, equity amongst the States as it relates to this kind of allocation? If there is a five-option platform from which to make these decisions, is the panel the arbiter or do we have States that are frustrated because one figures they got better treatment than another?

Ms. HEISSENBUTTEL. I think the template will help because currently some States are using only one or two options, other States may be focusing on a different set of options. This template will lay out those five options available for everyone, with the clear guidance that some methods are better in simpler scenarios and the cost apportionment, for example, is much more suited for the more complex and expensive fires.

So I think it would even things out to the extent that everybody would be working with the same set of five options to use and the same guidance on which ones to use when. It still provides the flexibility that is needed to address different conditions within a State or from State to State.

Senator CRAIG. Before I turn to my colleague Ron Wyden, let me recognize that our colleague from Colorado, Ken Salazar, has joined us. Colorado escaped largely last year. You are getting dry again out there. You had some tremendously difficult fires in what is now the forests of Colorado, which is substantially wildland-urban interface, along the Rocky Mountain Front, and the difficulties and the complexities there.

Ken, when we turn to you, because you were not here for opening statements, if you have some opening statement you would like to incorporate with any questions, please feel free to do so.

Now let me turn to Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman.

Mr. Rey, let me start with you. I am not going to do too much sparring on the issue of what is a template, but I do note that in your testimony you say in the third to last graph "We have already begun crafting an inter-agency template to assist in addressing a number of cost-sharing issues." Then when you say "It is our intent to finalize this guidance before the beginning of the next fire season," one wonders why it was not done for this fire season.

But let me ask my question in a different kind of way, rather than parsing words about when a template is supposed to arrive. What is unquestionable right now is that costs continue to soar to the stratosphere. Second, we have a critical report from the Government Accountability Office, a report that says that there are im-

plications for both the Federal Government and the States, and it comes from a lack of guidance on all of this.

Now, I happen to have a difference of opinion with GAO as well because my State wants more flexibility in terms of dealing with it. I think this is an area where the Federal Government and the States can clearly work together. My question to you then, Mr. Rey, is why was not more done to have this straightened out for this fire season? Set aside the templates and some of this about when it is going to come. Why was not more done to straighten out the various issues that are being discussed here for this fire season?

Mr. REY. Simple reason: Because this is a lower priority than assuring the safety of our firefighters, treating hazardous fuels to reduce fire intensity, maintaining and increasing our effectiveness of first response, and engaging in cost containment in large incident fires. Fixing this will not affect the overall cost of fires. It will merely affect who pays that cost.

So we established as a higher priority relative to the cost side putting measures into effect, in part in response to previous congressional actions, to contain the cost of overall fires. Now it is appropriate to turn to the lower priority, which is cost allocation. But it is, I believe, a lower priority because it is not going to affect the bottom line. It merely is going to affect whether your Governor or we pay what portion of that bottom line.

The template is a framework that will be used to govern each master cost agreement with each State. It is a revision of a template that already exists. It will be used to revise master cost agreements that already exist as well. Those revised master cost agreements will then affect the individual incident cost-sharing agreements that we reach as we deal with each incident.

Senator WYDEN. I do not disagree in the least with how important those other priorities are and I think none of us would want to have a referendum on which one of those critical issues is the most important after the safety in protecting the immediate health and wellbeing of communities. I just still do not understand, given how long the Federal Government and the State governments have gone back, have gone back and forth on this issue, why more could not have been done to address it.

I gather from you folks at the GAO that this issue has been going on for years and years. Has it not, Mr. Robinson?

Mr. ROBINSON. Yes, Senator, we have issued reports on this topic or some combination or permutation of this topic for at least 6 years. I want to use this opportunity to say that the conclusions and recommendations we have made are not the first time such conclusions have been reached. NAPA reached a similar conclusion. The agencies in their own independent analyses have reached a similar conclusion, and I think the State foresters have acknowledged it in a 2000 report, that this is an issue that needs some attention and greater clarity.

Mr. REY. Perhaps to put this issue in a more accurate context, this is an issue where there will not be a beginning or an end, because circumstances on the ground and in the State legislatures and in the Congress are going to continue to change. The nature of the fire ground is going to continue to evolve as the wildland-

urban interface expands and as, on the positive side, we get more acres treated to reduce fuel loads.

You all are going to continue to give us direction about cost containment. We appreciate that and that is going to change this process. And the State legislatures are going to do the same for our partners.

In this particular instance, one of the things that we elected to do was to combine the changes we needed to make to this template with changes designed to implement Stafford Act language that is relevant to this. So that took a little bit more time and, in addition, as I said earlier, this is not something the Federal Government can do unilaterally because to do so or to try to do so would simply confound the ultimate resolution that we want to achieve, which is an agreed-upon methodology for allocating costs with 50 different sovereign States.

Ms. SCARLETT. Senator, might I add something to Mark Rey's comments? We applaud your interest in cost containment. Certainly it is a big concern for us. I think we are juggling five different actions at the same time, of which the cost-sharing allocation is one. Several years ago, recognizing the high and growing cost of fires, we created a strategic issues panel, the focus of which was specifically to identify cost containment measures. That panel resulted in seven clusters of recommendations and I am pleased to say that on six of the seven we have made very significant progress, with the intention of helping to contain and/or bring down those costs.

A second cluster or a second area that we have worked on is aviation strategy. A big driver is how we utilize aviation. We have worked jointly with the Forest Service on an aviation strategy.

The third is to apply better business management as a fire actually unfolds and put business managers on site during—in particular—these large fires, and that is well under way and in practice.

Fourth, we have developed more performance measures so folks on the ground have cost as a consideration as they make their deliberations and decisions.

The fifth is this cost-sharing and allocation and, as Mark said, I think it has not been unintended, but rather a work in progress, and I think we are going to, as a result of this and working with the States, get a product, as Anne noted, that will serve us well and better in the future.

Senator WYDEN. My time is up. I just want to leave this with just one last thought, Mr. Rey. Again, no disagreement about the fact that things change on the ground. We have certainly wanted that with efforts to try to prevent fires and areas where there has been bipartisan support. It just seems to me that the fact that things are going to change so dramatically on the ground is all the more reason why we have got to straighten these relationships out between the Federal Government and the States.

Mr. Robinson points out that this thing has been kicking around for over 5 years and I think it is time to straighten things out.

I appreciate the extra time, Mr. Chairman. I know our colleague from Colorado has been waiting and I look forward, of course look forward to doing that, look forward to working with you on this,

of course making sure that the county payments legislation is passed quickly, a matter of urgent need in Colorado, Oregon, and Idaho, and we will be talking to you about a variety of issues.

I think I wanted to wrap up to let Senator Salazar talk, but I think the folks from the States wanted to make a comment.

Ms. HEISSENBUTTEL. Please, just to add one thing. The State foresters have been working with the Federal agencies on this new template and we have believed that it is very near completion and ready to go. But it was in the works before GAO began their study, and their study was not looking at how the new template would affect cost-sharing. So I think if we just can move forward, if we can put this new template in place as quickly as possible, it will help address the equity issues that you are concerned about.

Senator WYDEN. Thank you, Mr. Chairman.

Senator CRAIG. Ron, thank you very much.

Now let us turn to Senator Ken Salazar of the State of Colorado. Ken.

STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Senator SALAZAR. Thank you, Mr. Chairman, and thank you, Senator Wyden.

Let me at the outset, since I have the opportunity to address both Deputy Secretary Rey and Deputy Secretary Scarlett, just say that I believe, Mr. Chairman, that we are in the West looking at having a Western-type Katrina because of the drought conditions that we are facing. Sunday I was driving from the San Luis Valley in southern Colorado to Denver and I saw a wisp of smoke over Lavita Pass on Highway 160, that has now turned into a fire that has burned about 10,000 acres and will continue to spread. With 1.5 million acres of bark beetle and spruce beetle-infested forests in Colorado, along with the drought conditions, which are the most severe that we have seen in most parts of the State probably in all of the records that we have, with the exception of the year 2002, I think this year we are going to see the fires that we are already seeing in Colorado, in Arizona and other places probably surpass anything that we have ever seen in the past.

So I am grievous, I am very, very worried about my State of Colorado. I know that there are other Senators that will also be worried about that.

One thing that I will put again on Under Secretary Ray's mind is that the Forest Service needs additional resources to be able to deal with this bark beetle problem. We have about 280,000 acres in Colorado that have already been approved after the NEPA process for treatment, but because we only have about 82,000 of those acres approved for treatment in 2006 we are not going to be able to do as much for prevention as we possibly could.

I appreciate very much what you have done, Mark, in terms of allocating I think an additional $500,000 to Colorado to deal with that issue and I want to acknowledge that you have done that. But I also know that the hill we have to climb in terms of dealing with this issue is a very major hill.

[The prepared statement of Senator Salazar follows:]

PREPARED STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Thank you Chairman Craig and Senator Wyden. As always, I appreciate the opportunity to attend this Subcommittee's hearings on subjects that are critical to Colorado.

I'd like to thank the committee for the opportunity to review this GAO report. I have a few observations on the report that I would like to share with the Departments of Agriculture and Interior. It is common-sense that the Departments, in following the recommendations of the GAO report, should make sure that federal land managers and local governments are never put in a position where they are reluctant to order needed resources to fight a wildfire because of a question as to who will pay the costs. It also goes without saying that the guidance that is given should not be rigid guidelines that take away the flexibility needed to address different wildfire scenarios and situations. At the same time, local entities and states want to know that they are being treated equitably and not taking on undue, increased shares of the cost.

As we discuss the costs associated with protecting out local communities from wildfire, I cannot help but to think of the needs in Colorado when it comes to hazardous fuels. Colorado is suffering a prolonged drought that is adversely impacting our forests. According to the U.S. Drought Monitor a majority of Colorado is considered to be in a severe or extreme drought situation. Along with the drought, Colorado is also seeing an extraordinary insect infestation moving through our forests. It is estimated that over 7 million trees on over 1.5 million of acres have experienced beetle kill leaving behind even greater hazardous fuel conditions.

There is a tremendous amount of hazardous fuel work to be done in Colorado. The Forest Service reports that 113 projects covering 280,000 acres of hazardous fuels treatments have been approved through NEPA and are available for implementation pending funding. 65% of these treatments are located in the wildland-urban interface. Another 235,000 acres are being analyzed for approval. Unfortunately, The Forest Service only expects to implement, at most, 82,000 acres of treatments in 2006. Colorado's forest health and hazardous fuel conditions are deteriorating faster than current funding is able to address.

What ties all of this together, in my mind, are the cooperative efforts that are taking place in Colorado to address this situation.

Two specific efforts, the Northern Colorado Bark Beetle Cooperative and the Front Range Fuels Treatment Partnership that feature collaboration between the Forest Service, local communities, and state agencies. By working together, these efforts are seeking to prioritize areas for treatment, lower the costs of those treatments, and to address the associated impacts of this beetle epidemic. The hope of these cooperatives is to lower future suppression costs by investing in forest health today.

Mr. Rey, I was heartened to see the Forest Service send an additional $500,000 to Colorado this spring to address these forest issues. I would like to, again, ask the Forest Service for additional funds for hazardous fuels and forest health projects in Colorado.

To conclude, I appreciate the opportunity to briefly comment on the GAO report, and I emphasize the need for us to look at the hazardous fuels treatment needs that are increasing faster than funding in Colorado due to the drought and insect infestations plaguing our state. Thank you.

Senator SALAZAR. Let me just quickly ask a question of Mr. Robinson relating to the GAO report. I appreciate the work that is going on on the part of the Forest Service and the Department of the Interior and the State foresters to try to respond to the recommendations that you have made. In your findings, what you essentially find is that we need more guidance, more clear guidance in terms of cost-sharing here.

When you were putting together your GAO report, did you consult with local and State officials? And assuming that the answer to that is yes, then I would ask whether you received any information from them that the lack of clear guidance was in any way putting a hindrance on them in terms of asking for assistance from the Federal Government when they were dealing with the outbreak of fire?

Mr. ROBINSON. Yes, Senator Salazar, we of course worked very closely with all sides, as we do routinely in conducting our work.

In this case, we worked closely with State officials along with Federal officials, and gave the National Association of State Foresters the opportunity to officially comment on the report, incorporated their comments, and addressed their comments as appropriate. So the answer is yes, we did strongly consider their views.

And yes, during the course of our work relative to the confusion, the lack of certainty is not unique to the Federal agents who are negotiating the cost-sharing arrangements, but was shared at some level by the States as well.

The point is, and I want to make sure this gets in relative to the template that we are discussing so much today, is that, putting yourself in the shoes of the people who are trying to negotiate these cost-sharing arrangements, when there is confusion about terminology and basic principles, it makes the process relatively unwieldy and difficult to conduct efficiently, effectively and fairly. So as we develop this template, which is certainly a very good starting point, we think it is vitally important that before it is issued in final form it is tested by the folks who have to administer it to make sure they understand it and can fairly, equitably, and consistently implement it on the ground.

Senator SALAZAR. Thank you, Mr. Robinson.

For Mark and Lynn, if you will respond to this question. I often think about these county commissioners in some of the very small counties in the southern part of my State where these fires are taking place and I wonder how much they really know about what cost allocations are and what kinds of—how they ought to approach the Federal Government whenever they are dealing with some of the disasters that they are dealing with.

So my question to Mark and Lynn is, what kind of outreach effort do we have, not only with the State foresters, but also with the local officials that many times are the ones who are the first responders on the ground to these fires?

Ms. SCARLETT. I will begin with a response, Senator. We have created a Wildlife Fire Leadership Council that is inter-agency and inter-governmental to try and discuss many of the operational challenges with respect to both fuels reduction and fire. On that council sits NACO, the National Association of Counties, as well as the Inter-Tribal Timber Council, as well as the National Association of State Foresters.

In addition, we have built increasingly strong relations with the International Association of Fire Chiefs, which includes many of the volunteer firefighting organizations from small counties and/or small towns in rural areas. Part of the purpose of that is to have a platform for discussing things like communications, interoperability, a better seamlessness when they arrive and then we arrive and have the handover and-or the sharing of responsibility.

So I think we have made significant advances these last several years in those relationships, though of course we need to continue to work on it.

Senator SALAZAR. Thank you, Lynn.

Mr. REY. I think in most, if not all, of the master agreements in each State there are provisions for the State forestry agencies to assist the counties in doing whatever cost allocation needs to be done subsequent to the end of a fire. But one of the things I would

like to clarify is there is a difference between confusion and uncertainty and there is a difference between responding to and extinguishing a fire and the task after that of allocating the costs associated with that.

There is no confusion about how the former task gets done. Everybody knows how to run the incident command system and what their responsibilities are under that, and that of course is our highest priority. Now, as to whether what different units of government face after the fire is extinguished and when we are put to the task of allocating costs is confusion or simply uncertainty because of flexibility that we have provided is not a black or white distinction. It is rather a spectrum, and the best place to be in that spectrum is to provide enough flexibility so that we can allocate costs wisely, but enough precision so that we have equity among the States.

That is the balance we are trying to strike.

Mr. ROBINSON. Senator, could I just respond to that?

Senator CRAIG. Certainly.

Mr. ROBINSON. One of the reasons for the optimism that you heard in my statement is because the level of cooperation that is achieved on fighting the fire is a model for the Federal and State interaction. Given the fact that such a level of cooperation can be achieved in fighting the fires, it does not seem unreasonable that we will be able to achieve a level of cooperation in devising a fair and equitable cost-sharing arrangement ultimately.

Senator SALAZAR. I know my time has expired, Mr. Chairman, but I would make one comment to Interior and to USDA-Forest Service here. That is that I think additional outreach perhaps directly through the Colorado—through the county organizations in Colorado, it is Colorado Counties Inc.—might be something that would be helpful, so that it goes down from the NACO level down to the local State level. Because I can tell you, when you get those county commissioners in my State it is 64 counties, probably 3 or 400,000 commissioners coming together every year for their annual convention. I would imagine that this would be one of the issues that would rank at the top of their radar screen along with issues like PILT and other things that you deal with in the West all the time.

There is no State I think in the West that is immune from dealing with these fire issues, and ultimately the cost allocation issue is something that they will have to deal with.

I appreciate your testimony here very much today. Thank you.

Senator CRAIG. Ken, thank you very much. I know that—what is your State, half green and half brown right now, or something like that?

Senator SALAZAR. We thought in probably February that it would be about half green and half red, and what has happened is, because of the high temperatures, Denver in the early part of June was getting temperatures that were 100 degrees. So the runoff came off very, very quickly, and we are seeing an escalation of fires that I have only seen one other time in my life and that was 2002, when we had about half the State that seemed to be on fire.

Senator CRAIG. Thank you. That is serious stuff.

Mr. Robinson, I wonder if you could give me some example of the specific guidance that you believe should be included in a new policy?

Mr. ROBINSON. Number one, I think we want to make the point that the folks that are best able to arrive at the specific arrangements are at the table to my left, and that the template is probably a good starting point. I do want to reemphasize that there is some confusion on the ground and that confusion needs to be dealt with. In large measure, it has to do with uncertainty about how to interpret phrases like "an unusually complex fire" or "exterior protection of buildings," as to whether—on a practical level, does that mean you put your back up against the building and everything outside of that is within the Federal domain, or is just what is inside of it the States?

There is a lot of uncertainty, and when costs are being allocated, folks do not know how to conduct their negotiations and the result is confusion, uncertainty, and some level of inequity. We believe at the end of the day there ought to be some default options. Under a given set of circumstances, this would normally be the option you would use to allocate costs, the system or method you would use. You could certainly build in flexibility. There is no doubt that there needs to be flexibility. Even in the face of a default option, if both sides agree that a different option makes more sense in a given circumstance, you could revert to that. But there needs to be some solidity under the system so that the folks that are actually trying to do these negotiations have some level of certainty and at least one foot standing on solid ground.

The other thing I want to mention here is that these arrangements need to be worked out in advance of the fire, because during the fire or after the fire when everybody moves on to some other activity, it makes the negotiation process a lot more difficult than it would otherwise be. So those are the components and the basic principles we would like to see incorporated, while recognizing that the folks best suited to derive the specifics are to my left. That would be both Federal and State, and that is what we try to emphasize both in our statement and in our report.

Senator CRAIG. Thank you. I appreciate that.

Mark, it is clear to all of us that fire costs are increasing, as are the number of fires that burn throughout the wildland-urban interface. Has the Federal Government made any assessment of how much funding is being expended as a result of having to fight more fires in the wildland-urban interface zone and if not, could you prepare such an analysis for the committee?

Mr. REY. We do not have an analysis to date that aggregates all of that information. We have done some analyses on a fire by fire basis talking about, analyzing how our attack strategy would have differed but for the presence of a new subdivision. So we can give the committee some qualitative information that illustrates how that changes firefighting strategy and influences cost on some specific fires. But we have not attempted to aggregate that to come up with that as a whole.

Senator CRAIG. Because both you and Lynn know as you travel across our, especially our forested lands in the West, lines are getting awfully blurred at the moment as the mega-home goes up on

that nice little sanctuary of property that somebody from somewhere else bought for a large sum of money. I have spoken to supervisor after supervisor, especially on the forests, that said: We spend the bulk of our time putting out fires in protection of structures than we do in protection of resource. And that seems to be the ever-increasing spiral in a Western theme of lifestyle that continues to accelerate. I think we have to be concerned about that.

Mr. REY. In fact, the situation is even worse than I testified to, because staff indicates that they had corrected a number. I said that 31 percent of the homes in the United States are located in the wildland-urban interface. The correct number is 39 percent of the homes in the United States are located in the wildland-urban interface.

Our firefighters tell us that over the last 20 years somewhere in the neighborhood of close to 8 million new homes have been built in the wildland-urban interface. If you take an average household size of three people, that means that—or four people, rather—we have moved the equivalent of the population of California into the wildland-urban interface during that period.

Senator CRAIG. As an Idahoan, all I can say is: We know.

But my point here is if we can take a look at these numbers and if they are going like this [indicating] and we are trying to project out for 10 years, I think it would be most helpful for Congress to have a heads up that in reality these budgets are going to continue at an ever-increasing rate in this particular area of concern. And no matter how we share the costs, you have already said it is not a matter that the costs are coming down; it is a matter that we are trying to figure out an equitable way to pay for an ever-increasing cost. I think we need to know that.

Ms. SCARLETT. Senator, may I add one other observation in this context. This growing wildland-urban interface and the presence of these residences really underscores also the imperative of FIREWISE, that is working with communities and getting that defensible space around those homes. If the homes are there, at the very least we can work with landowners and local communities to ensure that they are as defensible as possible.

Everything that we look at with respect to FIREWISE shows that it can be successful in significantly reducing risk to those who are in that interface.

Mr. ROBINSON. Mr. Chairman, if I may add one other point. In 2005, we did a technology assessment on this very issue. If you have not seen, there is a Forest Service researcher, Jack Cohen, who has put together this film.

Senator CRAIG. I have seen it.

Mr. ROBINSON. It is quite compelling. Some of the pictures we have in our report, as well as videoclips in the electronic version, are very compelling.

Senator CRAIG. They are good, that is correct.

Anne.

Ms. HEISSENBUTTEL. In addition to FIREWISE, I wanted to mention the importance of the community wildfire protection plan process that was introduced in the Healthy Forests Restoration Act, and States all across the country, whether they are close to Federal lands or not, are working with their communities to help them de-

velop plans so that they can reduce their risk, reduce their losses, and accordingly that should help reduce some of the costs of fighting fire.

Just as an example, I have a status report that was prepared by the Council of Western State Foresters on the community wildfire protection plans that have been developed in the Western States and I would be happy to submit that for the record.*

Senator CRAIG. I appreciate that very much. I think, beyond the messages that we are trying to communicate here today and the broader picture we are attempting to understand as you deal with this—and I think States and local communities ought to become phenomenally aggressive in this area. There is no question that many who seek the sanctuary of the wildland-urban interface seek it with considerable resources. I believe it ought to be a matter of zoning that they are required to put in their own fire protection devices along with local fire departments and agencies. I think there is a responsibility out there that the Federal Government and State governments are assuming that is historically and should still be a private responsibility in many instances. And FIREWISE and all of those tools, if properly implemented and then monitored, should have an index of bringing down the cost borne by the private sector as oftentimes insurance drops if a fire station is stood up or something of that nature.

That is all part of what I think we have got to be looking at, that as our population rushes to the hinterland they have got to recognize that they have got to carry some responsibility with them.

Mark, the National Association of State Foresters contend in their comments to the GAO that the Federal land managers should bear the burden of the costs of fighting fires in the wildland-urban interface because your management policies inhibit your ability to fight fires in the most aggressive manner. They point to no mechanized equipment under certain conditions, i.e., wildernesses in this instance. I will add the failure to use bulldozers for fear of damaging streams and rivers.

If we are going to put every fire out by 10 a.m. the next day and we are going to allow some fires to burn in some areas and we are not willing to use bulldozers in some areas, why should Federal land managers not be responsible for fires that escape the Federal lands?

Mr. REY. Well, we are. We accept as a primary obligation to keep fires that initiate on Federal lands on Federal ownerships and away from spreading to other ownerships. Some of the conditions that we place on firefighting that you have described are not conditions that we would impose if the fire has a high probability of spreading off of Federal ownership onto non-Federal lands.

The probably only one that we cannot control ourselves is the restrictions and the location of wilderness areas, because those are congressional determinations. But as you probably can recall from some of our most recent testimony on pending wilderness bills, we often object to congressional proposals to create new wilderness where there are non-Federal lands in immediate proximity because

* The report has been retained in subcommittee files.

of the complication that that presents for more aggressive opportunities for attacking fires if they ignite within the wilderness.

So I do not think we have any beef with NASF's testimony here. We accept the obligation to keep Federal fires, fires that ignite on Federal lands, from spreading off of Federal lands onto non-Federal lands, and where we condition firefighting efforts for environmental values it is most commonly areas where we are not worried about the spread off of our ownership.

Senator CRAIG. Thank you.

Lynn, in the DOI's response to the draft GAO report the Department said: "We have seen this issue arise several times already this year when States affected by the early fire season requested and then released Federal firefighting resources similarly based solely on whether or not a Federal reimbursement was available."

I want to make sure I understand this. A State forestry organization has a fire. They order up Federal firefighting assets, say hand crews. The Forest Service or the DOI send the crews to the fire. Then because the State does not like the cost-sharing agreement that is imposed they release the crews to travel back to their home forests or districts without having helped to put out the fire. Is that correct?

Ms. SCARLETT. That is not quite the characterization of what we wanted to highlight. What we really have seen relates primarily to the prepositioning of resources rather than circumstances where fire suppression is under way and crews are arriving. In my testimony I referred, for example, to the prepositioning of a helicopter in Oklahoma that was done and the State requested that prepositioning when the indices showed the probability of high fire, and under that level of risk they were eligible for FEMA funding. We sent the helicopter, the indices changed, went down, the risk of fire went down, sent the helicopter back; the indices went back up, they again requested.

Clearly this is something that none of us, including the State itself, want to have as a normal pattern. We are looking at both the frequency of that and what we can do to try and address that and prevent that from happening. But it only pertains to the prepositioning, not to the actual firefighting and the sending of crews at an actual fire.

Senator CRAIG. Has this problem existed in other examples or the one you have used being the only one that you are aware of?

Ms. SCARLETT. We have seen several simple—several similar examples. But as this hearing was impending we began to send out and see how frequent this circumstance is and we do not yet have the resolution of that inquiry. It is certainly more than a one-time event, but how frequent it is we do not yet know.

Senator CRAIG. Well then, I ask of you and Mark, in your examination of—and certainly Anne can be a part of this in her organization—is that a part of a consideration, the cost of prepositioning, of a Federal agency's responsibility to a resource that does not get used or is sent away because, as you have said, an indices changed and then changed again? Should there not be an understanding that when the indicators are there and a prepositioning is requested that there is a cost involved in it, or only at the time of its utilization?

Costs are there. That helicopter is not an inexpensive item. Response? Yes, Anne?

Ms. HEISSENBUTTEL. I could address that, at least in part. I also did some looking into the situation and talked to the State forester of Oklahoma and the State forester of Texas because they were the ones who had the very busy early fire season this year. There have been some examples where the State has called on a resource, called in a resource, and due to a change in the weather or other circumstances they found they did not need it.

But as far as I know, the State has covered those costs when they have called for the resource to be positioned or to be mobilized, and the demobilization cost as well.

In the case of the example that Lynn cited, I do not have separate details on that, so I cannot give you any more information there. But I imagine that in that case, where FEMA had a share or was covering a share of the costs, then that was incurred by the Federal Government and the State was paying the other part of it. We are going to continue to look into it as well.

Senator CRAIG. Well, I thank you, and you have already responded by saying there is an analysis going on. When that analysis is complete could you make that available for the committee?

Mr. REY. Sure.

Senator CRAIG. I think we are curious about that because State folks look brilliant when the assets are there to fight the fire. At the same time, when they ask for those assets to be brought there is a cost, and there ought to be some reality as to how that cost gets allocated in which they would share, obviously because of their doing the responsible thing, preparing. But in some instances—that is the good news, bad news about a fire. You have to prepare for it, you have to build up all these assets, in hopes that it will never happen. At the same time, that is good insurance when it does. So thank you.

Anne, I get a sense in reading your testimony that you think the new National Fire and Aviation Executive Board's templates will be a good deal for the States. In your estimation, what could and should the States be doing to decrease the cost of fighting fires in the wildland-urban interface?

Ms. HEISSENBUTTEL. Well, first I would say I think it is a fair deal for the States and the Federal agencies to use the new template. So I would change your wording there, as opposed to saying it is a "good deal."

Senator CRAIG. All right.

Ms. HEISSENBUTTEL. But again, as I mentioned earlier, to deal with fires in the wildland-urban interface there are a lot of steps that States can and are taking to reduce those risks, to work with communities so that they will do more on their own to work with homeowners. Those are the FIREWISE and the community wildfire protection planning process that we have already talked about.

To the extent that communities reduce their risk and firefighters have to spend less effort in protecting structures, I think that will help reduce costs. But the overall objective of those programs, FIREWISE and the community wildfire protection plans, is really to help reduce the losses.

Cost is another issue. The cost containment proposals that the WFLC, the Wildland Fire Leadership Council, has been working on I think will help in the wildland-urban interface and outside the interface.

Senator CRAIG. I would also like to know, given the GAO's reporting of what the States of Colorado, California, and Utah are doing to encourage citizens within the wildland-urban interface to manage fuels in those areas, what makes it so difficult for other States to take similar steps?

Ms. HEISSENBUTTEL. Well, I do not think that it is fair to assume that other States are not doing that. Those are three examples of what States are doing all over the country, and just to offer a few other examples, Florida has a very active FIREWISE program, as does Texas. In addition, in Florida they have laws, State laws, in place that allow the State forestry agency to do prescribed burning on lands where fuels have been untreated.

In the Lake States, to use another example, Minnesota has a very aggressive FIREWISE program. In the West, Senator Wyden is not here, but Oregon has been a leader in helping communities to develop community wildfire protection plans and also to use FIREWISE within the State. Those are just examples. I think all the States are using those programs.

Senator CRAIG. Well, thank you very much. Yes, I do not assume that others are not, because we have examples within the State of Idaho, although there is not statewide uniformity as it relates to these kinds of activities, and they are extremely important and they prove very successful.

Ms. HEISSENBUTTEL. Another difference from one end of the country to the other may be the degree to which States have voluntary measures that they are encouraging communities to use and States that have zoning measures and codes in place that require actions to be taken. That is something that at the national level we cannot control.

Mr. REY. But one other principal actor in this area is the private sector. Some of the larger insurance companies are now refusing to write policies unless homebuilders and homeowners are willing to apply certain common sense measures to make their dwellings more fire-safe.

Ms. SCARLETT. If I could just add to that, what we are also beginning to see is, in areas where we have done aggressive fuels treatment residents are seeing their insurance bills go down as that risk reduction is evident.

Senator CRAIG. I guess one last question. Where there is a treatment program that has been completed, is there a recognition by either of the agencies involved here as to the success of that? Some recognition might be, if you will, a seal of approval that would trigger an insurance response, that might cause others to look at it and be encouraged to respond accordingly?

Ms. SCARLETT. That is a good idea. Right now I am not aware that the Department of the Interior has such a recognition.

Senator CRAIG. I am not either.

Ms. SCARLETT. What we do do is to document each year in our annual report to the Congress on our fire plan implementation some examples of some successful fuels treatment. But no, I am not

aware that we have a recognition like that. I think that is a good idea.

Senator CRAIG. As you know better than I, we cannot afford to continue at the rate of increase that we are moving in. Complications of funding in either of your agencies in these areas are very real. Costs to State governments and local governments are very real. The only way to solve this problem is to trigger a variety of activities, from Healthy Forests to a very aggressive private sector initiative, where the private property owner in this new environment bears the costs and the responsibilities and there are rewards for doing it appropriately. That is why my thought of recognizing, if you will, with a seal of approval a successful activity might draw increased attention in the appropriate ways.

We will continue to work with you and monitor this. We thank GAO for their work in the area. It is work in progress. We know it, because the environments in which we are working are changing pretty rapidly at the moment and it cannot be static. It needs to be dynamic. At the same time, it needs very clear indices of all the parties who are involved in it to work from and work with.

So we thank you all very much for your time with the committee today. The committee will stand adjourned.

[Whereupon, at 3:52 p.m., the hearing was adjourned.]

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

RESPONSES OF HON. DIRK KEMPTHORNE TO QUESTIONS FROM SENATOR CRAIG

Question 1. Are you as comfortable with those draft agreements as Ms. Heissenbuttel seems to be?

Answer. The Federal agencies and the National Association of State Foresters (NASF) have worked on many agreements over the years, and history has shown repeated success resulting from our efforts in coordinating and collaborating to achieve common goals.

Question 2. When will this template be released? Please provide an approximate date.

Answer. The template and associated Memorandum of Understanding with the National Fire and Aviation Executive Board, the entity responsible for guiding implementation of fire management policy, should be released this fall.

RESPONSES OF ROBIN NAZZARO TO QUESTIONS FROM SENATOR CRAIG

Question 1. It is clear from the report that GAO and some federal land managers feel local communities should do more to develop landscape rules and zoning rules to treat fuels around houses and in the Wildland-Urban Interface. At the same time, local and State entities feel the federal government should shoulder more responsibility for paying for the fires because they have failed to treat the hazardous fuels on federal lands that contribute to the spread of wildland fires from federal land to non-federal land.

Did your investigators collect any data that might help us understand the added expense of fighting these fires due to the inability of the Federal and local communities to effectively manage the fuels within the Wildland-urban interface and on nearby federal lands?

a. If No—would GAO be able to develop a study and collect such data?

Answer. We did not collect data during our review that specifically addresses the effect that hazardous fuel conditions may have on wildland fire suppression costs. However, both federal and nonfederal fire officials told us that they believe excessive fuels were contributing to more extreme fire behavior and making it more difficult and expensive to suppress fires. Although we have not conducted any preliminary design work on this issue, based on our current understanding, we believe it would be difficult for GAO to conduct a study that isolates the effect of fuel conditions on suppression costs because existing fire cost data are inadequate for this purpose.

While fuel buildup is undoubtedly an important contributor to escalating fire suppression costs, expanding development in the wildland-urban interface is also playing a major role. Also, it is important to note that many fires start on state and private lands. In the end, the federal government, state and local governments, and private owners all share responsibility for reducing the risk and costs of wildland fire suppression.

Question 2. How did GAO consider state and local government authorities in writing the report?

Answer. To understand state and local government authorities for the four states we visited, we reviewed laws related to wildland fire suppression, building and vegetation codes, and land-use planning. We also interviewed state—and, in some cases, local—officials from these four states to gain a better understanding of their laws.

RESPONSE OF ROBIN NAZZARO TO QUESTION FROM SENATOR BINGAMAN

Question 1. Mr. Rey testified that improving the cost-sharing template has been a relatively low priority for the Administration because it does not affect the total costs of fire suppression—rather, it only affects how the total costs are allocated. Does the GAO agree that more clearly defining federal and nonfederal financial responsibilities is likely to have no affect on the total costs of fire suppression? Have any of the previous studies that GAO reviewed addressed whether improving cost-sharing practices could play a role in over-all cost-containment?

Answer. Providing more specific guidance on how federal and nonfederal entities should share suppression costs directly affects how costs are allocated, but also could have an effect on total suppression costs, although quantifying the effect would be difficult. For example, a number of federal officials we interviewed said that state and local officials sometimes request more resources than federal officials believe are needed to effectively fight a fire, particularly if the fire threatens the wildland-urban interface. Federal officials believed that state and local officials would be less likely to request unneeded resources if they knew that they would have to pay for them. In its official comments on our report, the Department of the Interior also made a similar observation. None of the previous reports we reviewed addressed the effect of cost sharing on overall suppression costs.

RESPONSES OF ROBIN NAZZARO TO QUESTIONS FROM SENATOR SALAZAR

Question 1. Can you tell me about the participation of local and state governments in the formation of GAO's recommendations?

Answer. We developed our recommendations based upon findings developed through discussions with a wide range of knowledgable officials, including officials of state and local governments and organizations. To understand state and local perspectives on how costs are shared, including any concerns that they may have, and to better understand differences among states and localities, we interviewed state and local officials at various levels of authority in the four states we visited. We also interviewed representatives from the National Association of Counties and the Western Governors' Association. Finally, we provided the National Association of State Foresters the opportunity to review a draft of our report and included its comments in the final report. Also, as noted in our report, we believe it is important that the Secretaries of Agriculture and the Interior work in conjunction with relevant state entities to implement our recommendation that they provide more specific guidance on how costs should be shared and to define financial responsibilities for fires that burn, or threaten to burn, across multiple jurisdictions.

Question 2. In my opening statement I referred to a few principles that I feel are common-sense. Those were: don't place land managers in a position where they are reluctant to order needed resource because of a question of who will pay; guidance to the field needs to avoid being rigid guideline that take away flexibility and; fairness to local entities. Do these principles differ from GAO's recommendations or the intent of those recommendations?

Answer. In general, we believe that our recommendations are consistent with your principles. The intent of our recommendations is that federal and nonfederal entities clarify how they share suppression costs, not that they change the way in which they are working together to fight wildland fires. We believe that providing more specific guidance on cost sharing and clarifying the financial responsibilities for suppressing fires will help reduce uncertainty about which entities are responsible for certain costs. We agree that a certain amount of flexibility is needed; however, we also believe that guidance to the field should give a clear indication of the cost-sharing method that should be used for wildland fires with different characteristics. Such guidance can provide flexibility, for instance, by including provisions to use a different cost-sharing method if all parties agree that the circumstances warrant it. Without clearer guidance, the concerns identified in our report—such as the difficulties in reaching cost-sharing agreements that all parties believe are equitable and that the federal government may be treating different states differently, thereby creating inequities are likely to continue. Finally, we believe that methods used to share costs should be fair to all entities involved local, state, and federal.

RESPONSE OF ANNE HEISSENBUTTEL TO QUESTION FROM SENATOR BINGAMAN

Question 1. Does the National Association of State Foresters believe that a nonfederal entity's ability to pay should be a consideration in formulating a cost-sharing agreement?

Answer. No. The unique statutory responsibilities of the respective federal, state, and local agencies, and the specific fire suppression strategies and tactics employed to control the fire should determine the appropriate cost-share agreement. A "one size fits all" national format for cost-share agreements won't work, precisely because there is a great deal of variation in the state and local legal authorities and responsibilities with respect to fire protection, and even greater variation in fire characteristics and suppression actions.

RESPONSES OF ANNE HEISSENBUTTEL TO QUESTIONS FROM SENATOR SALAZAR

Question 1. In my opening statement I referred to a few principles that I feel are common-sense. Those were: don't place land managers in a position where they are reluctant to order needed resources because of a question of who will pay; guidance to the field needs to avoid being a rigid guideline that takes away flexibility; and fairness to local entities. In your view, do these principles differ from GAO's recommendations or the intent of those recommendations?

Answer. Yes. Senator Salazar's principles are indeed common sense. NASF is concerned that GAO's recommendations and intent to "provide more specific guidance as to when particular cost sharing methods should be used" would not allow sufficient flexibility to field managers to make decisions in advance of a fire or to make adjustments to an agreement as needed during a wildland fire.

In addition, we believe that GAO's recommendation that the Secretaries should "clarify the financial responsibilities for suppressing fires that burn, or threaten to burn, across multiple jurisdictions" could result in situations where the federal agencies establish a requirement that a state or local firefighting entity cannot meet, due to state and local laws and regulations. The latter scenario could force land managers to refuse to order needed resources because of legal constraints on what costs the manager is authorized or obligated to incur.

The federal responsibility, including the financial responsibility, is clear: to prevent fires that are burning on federal lands from burning onto adjacent non-federal lands. Any attempt to redefine or shift these federal responsibilities, and costs, to others, now or in the future, would be unfair to local entities.

Question 2. How does your association envision the application of guidance for cost sharing among different entities working in the field?

Answer. The guidance we have drafted with the federal agencies would be applied much as it is today. Local agency administrators, who are familiar with the specific fire suppression strategies and tactics used to control a particular fire, and who are familiar with their particular responsibilities and authorities, will negotiate mutually agreeable cost-share agreements for each individual fire. The cost-share guidance found in the soon to be completed National Template for Master Agreements will provide federal, state, and local agency administrators with several alternative procedures to consider when deciding on the most appropriate method for sharing fire suppression costs.

[Responses to the following questions were not received at the time this hearing went to press:]

QUESTIONS FOR MARK REY FROM SENATOR CRAIG

I am very interested in the questions of uneven application of the cost-sharing methodologies. It seems to be one of the few areas in the study where some federal officials seemed to agree with some nonfederal officials.

Question 1. Has the agency reviewed past billings and final agreements to assess whether or not the range of variability found in these billings is within an acceptable range?

The report mentions that the National Fire and Aviation Executive Board is developing a template for both master and cost-sharing agreements.

Question 2. So you believe that it will address some, all, or any of the issues surfaced in this report?

Question 3. When will this template be released? Please provide an approximate date.

In the hearing you indicated that the Forest Service has, and is taking responsibility for fires that burn off federal lands onto private lands.

Question 4. Does that include taking responsibility for paying for the fire fighting that must be undertaken by State and Local agencies as a result of the fires that escape containment on the federal lands?

QUESTIONS FOR MARK REY FROM SENATOR SALAZAR

Question 1. Whenever we get the chance to talk, it seems like I am always asking what more can the USFS can do to help Colorado address the bark beetle and drought situation as it relates to forest health and hazardous fuels. Has the USFS identified any additional funding (beyond the $500,000 from earlier this year) that could be utilized by the local forests to conduct priority hazardous fuel treatments or further the work of local cooperative organizations working on this situation?

Question 2. In your view, is increasing the amount of funding for forest health and hazardous fuel reduction projects an investment that could reduce the expenditure of funds for suppressing fires?

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