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Dear Honored Federal Officials:

The health of our forests and protecting our landscapes and forested communities from wildland fire remains a top priority for the Western Governors' Association. The start of a new year is good time to plan and prepare for the challenges we face, not only in the West, but across the country. This challenge is twofold – we must address the continuing problem of escalating wildfire suppression costs and ensure we direct adequate resources to the nation's forest health blueprint, the 10-year Comprehensive Strategy and Implementation Plan (TYIP).

We need to find a way to pay for wildland fire suppression in a manner that assures the national resources are in place when needed. This cannot come at the expense of monies used for restoration and fuels reduction – the very programs that help prevent catastrophic wildland fire. The TYIP is the roadmap for addressing the prevention side of the equation, it must be funded. It is clear that we have entered a new age of wildland fires; three of the last six wildland fire seasons have resulted in over \$1 billion in suppression costs. At the same time, funding for the other functions outlined in the TYIP has decreased by over \$200 million.

This problem is projected to escalate. Researchers predict that in the areas at most risk to wildfire, damage will increase during the 21st century by up to 118 percent as a result of climate change. The result will be continually increasing wildland fire suppression expenditures.

The Western Governors' Association strongly supports finding a suppression funding "fix" via a new funding mechanism for emergency suppression activities. We believe this fix is necessary to get out from underneath the escalating wildland fire curve. This would relieve the annual strain on federal agency budgets, enabling them to return to delivering the full suite of agency products and services the public enjoys. Maintaining the nation's wildfire readiness will not only enable wildland fire fighters to better protect communities, it will also help reduce uncontrolled carbon emissions from wildfires that would otherwise burn unchecked and add millions of tons of carbon to the atmosphere. The attached National Association of State Foresters (NASF) briefing paper provides some interesting embarkation points for discussing solutions.

Further, that in order to solve the increasing suppression costs' impact on the agencies' budgets, we must take a reality check and realize that additional investment is a necessary part of the solution. Options are out there, as evidenced by current climate change legislative discussions around wildfire. Expanding upon this point, for our wildland fire issues to

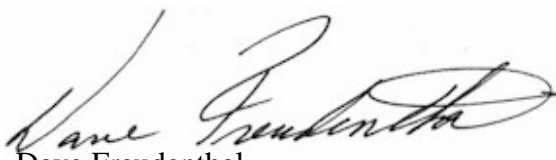
be adequately addressed, not only our suppression efforts, but our hazardous fuel reduction, forest restoration and community fire assistance efforts need to receive proportional investment to past fire suppression investments.

To this end, WGA hopes that Congress and the Administration will recognize that additional investments in wildland fire management budgets, separate from emergency suppression needs, is the key.

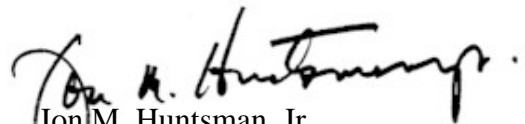
This brings us to our second point. In the larger picture, the Governors' support the full implementation and funding of the National Fire Plan and the revised 10-year Comprehensive Strategy and Implementation Plan, titled *A Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment* (TYIP). Interestingly enough, addressing and investing in all four goals of the National Fire Plan and 10-year Strategy will reduce risk, and thus also reduce the current escalation of federal fire suppression costs. The attached briefing paper and long-term funding projections, developed by the NASF, details the investment through the National Fire Plan that is needed to fully implement the updated 10-year Strategy.

The WGA supports the NASF's long-term funding needs projections and respectfully requests that Congress and the Administration consider the availability of federal revenues in the future to fully invest in the goals established by the 10-year Strategy. We are fully cognizant of the extreme budgetary trade-offs that must be made in the coming years. And we acknowledge that these numbers are dramatic, but we pose them to demonstrate the need that is out there. Wildfire success will not be had by any one entity tackling it alone. It takes a broad, collaborative partnership, such as the one behind the 10-year Strategy, to make it happen and the financial backing to support it. This investment will diminish the risks posed by wildland fire, and in concert with a wildland fire suppression "fix", work to reduce community risk from wildfire and help keep America's forestland forested. We look forward to continued dialogue with you on wildfire issues.

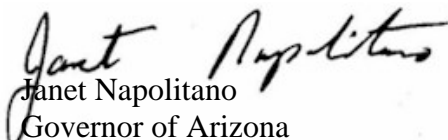
Sincerely,



Dave Freudenthal
Governor of Wyoming
Chairman, WGA



Jon M. Huntsman, Jr.
Governor of Utah
Vice Chairman, WGA



Janet Napolitano
Governor of Arizona
Lead Governor for Forest Health

cc: James L. Connaughton, CEQ
Jim Nussle, OMB
Secretary Ed Schafer, USDA
Secretary Dirk Kempthorne, USDO
Gail Kimbell, USFS
James L. Caswell, BLM
House Subcommittee on Interior, Environment, and Related Agencies
House Agriculture Subcommittee on Department Operations, Oversight,
Nutrition and Forestry
House Natural Resources Subcommittee on National Parks, Forests
and Public Lands
Senate Subcommittee on Interior, Environment, and Related Agencies
Senate Agriculture Subcommittee on Rural Revitalization, Conservation, Forestry
and Credit Jurisdiction
Senate Energy & Natural Resources Subcommittee on Public Lands and Forests

Enclosures:

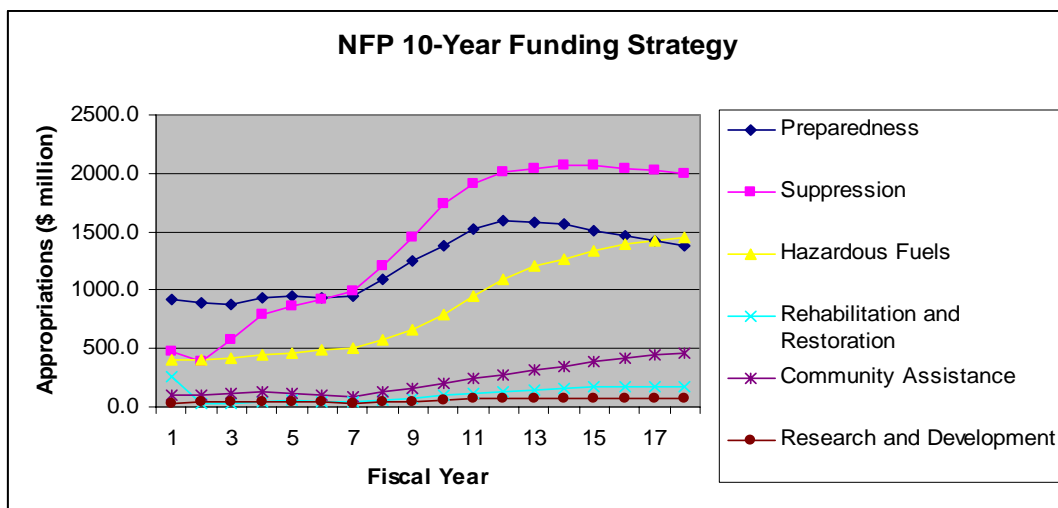
NASF Fire Suppression Fix Model Legislation
NASF 10-year Strategy Funding Projections Briefing Paper
NASF 10-year Strategy IP Funding Projections

National Association of State Foresters 10-Year Strategy / Implementation Plan Funding Needs

Briefing Paper

The NASF 10-year Strategy / IP Funding Needs spreadsheet, in concert with this briefing paper, provides updated numbers from the original 10-year Strategy Funding Needs document (2002) - www.westgov.org/wga/testim/wildfire_approps_6_20_02.pdf. The spreadsheet and chart (below) examine the funding landscape from the last seven years of the National Fire Plan and lays out projections for the next 10 years of the Implementation Plan.

Key Premise: The 10-year Comprehensive Wildfire Strategy, a key component of the National Fire Plan, contains an important mix of elements that have not been adequately funded. Failure to strategically and proportionately allocate funding among all goals in the Strategy has contributed to worsening wildfire conditions over time.



- Historically, funds have been front-loaded to suppression, preparedness and arguably hazardous fuel reduction. Pre-fire restoration needs, post-fire rehabilitation and community assistance have largely been under-funded. Failure to strategically allocate funding among the four goals of the 10-year Strategy has limited our collective ability to undertake projects and initiatives with long-term horizons, projects that will ultimately enable more durable wildfire solutions. An ounce of prevention is worth a pound of cure.
- A key underpinning is that investments in community capacity and restoration/rehabilitation of the land over the next decade will reduce the incidence and adverse impacts of wildfire. Enhanced response to wildfire through improved initial attack will reduce losses while simultaneously lowering suppression and preparedness costs.
- Improving community wildfire capacity (suppression, prevention, fuel reduction), as well as the restoration and recovery of landscape-level, fire-adapted ecosystems must be accelerated if we are to reduce the potential for large-scale catastrophic fires.

10-Year Comprehensive Strategy Implementation Plan Funding Needs

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 Need	FY 2010 Need	FY 2011 Need	FY 2012 Need	FY 2013 Need	FY 2014 Need	FY 2015 Need	FY 2016 Need	FY 2017 Need	FY 2018 Need
US FOREST SERVICE																		
Preparedness	611.0	622.6	612.0	671.6	677.2	660.7	665.4	665.9	879.0	966.9	1063.6	1116.8	1105.6	1094.5	1061.7	1029.8	998.9	969.0
Suppression	319.0	255.3	418.0	597.1	648.9	690.2	741.5	845.6	1099.3	1319.1	1451.0	1523.6	1554.1	1569.6	1569.6	1553.9	1538.4	1523.0
Hazardous Fuels	205.0	209.0	236.6	258.3	262.8	280.1	301.3	310.1	403.1	483.8	580.5	667.6	734.3	771.1	809.6	850.1	867.1	884.4
Rehabilitation and Restoration*	149.0	10.7	14.0	21.7	27.6	21.0	21.0	24.8	37.2	48.4	58.0	63.8	70.2	77.2	81.1	85.2	84.3	83.5
Community Assistance**	88.0	89.0	104.9	122.5	106.9	92.4	92.8	94.4	141.6	177.0	221.3	254.4	292.6	321.9	354.0	389.5	408.9	429.4
Research and Development***	23.9	30.3	29.2	29.9	29.6	30.7	30.7	31.4	42.4	53.0	58.3	61.2	62.4	63.7	64.9	66.2	67.6	68.9
USFS TOTAL	1395.9	1216.9	1414.7	1701.2	1753.0	1775.0	1852.6	1972.2	2602.6	3048.1	3432.7	3687.4	3819.2	3898.0	3941.0	3974.7	3965.2	3958.2

DOI

Preparedness	306.7	272.8	267.5	266.4	271.1	276.6	282.6	276.5	373.3	410.6	451.7	474.2	469.5	464.8	450.9	437.3	424.2	411.5
Suppression	153.1	127.4	159.3	192.9	218.4	230.7	249.2	289.8	376.7	452.1	497.3	522.2	532.6	537.9	537.9	532.6	527.2	522.0
Hazardous Fuels	195.0	186.2	185.6	183.9	201.4	208.1	199.8	199.6	269.5	323.4	388.0	446.2	490.8	515.4	541.2	568.2	579.6	591.2
Rehabilitation and Restoration*	104.8	20.0	19.9	24.2	23.9	24.1	22.8	24.2	38.7	50.3	60.4	66.4	73.1	80.4	84.4	88.6	87.8	86.9
Community Assistance**	10.0	10.0	9.9	9.9	9.9	9.9	0.0	5.9	16.2	17.0	17.9	18.8	19.7	20.7	21.7	22.8	24.0	25.2
Research and Development***	8.0	8.0	7.9	7.9	7.9	5.9	4.0	4.6	5.5	6.9	7.6	8.0	8.1	8.3	8.5	8.6	8.8	9.0
DOI Bureaus TOTAL	777.5	624.4	650.2	685.2	732.7	755.3	758.4	800.6	1079.9	1260.3	1422.9	1535.8	1593.9	1627.5	1644.6	1658.2	1651.5	1645.6

TOTAL (USFS & DOI)

Preparedness	917.7	895.4	879.5	938.0	948.4	937.3	948.0	942.4	1252.3	1377.5	1515.2	1591.0	1575.1	1559.3	1512.6	1467.2	1423.2	1380.5
Suppression	472.1	382.7	577.3	790.0	867.3	920.9	990.7	1135.4	1476.0	1771.2	1948.3	2045.8	2086.7	2107.5	2107.5	2086.5	2065.6	2044.9
Hazardous Fuels	400.0	395.2	422.3	442.2	464.2	488.2	501.0	509.7	672.6	807.1	968.5	1113.8	1225.2	1286.4	1350.8	1418.3	1446.7	1475.6
Rehabilitation and Restoration*	253.8	30.7	33.9	45.9	51.6	45.1	43.8	49.0	75.9	98.7	118.4	130.3	143.3	157.6	165.5	173.8	172.1	170.3
Community Assistance**	98.0	99.0	114.9	132.4	116.8	102.2	92.8	100.3	157.8	194.0	239.1	273.2	312.3	342.6	375.8	412.3	432.9	454.5
Research and Development***	31.9	38.3	37.2	37.8	37.5	36.6	34.7	36.0	47.9	59.9	65.9	69.2	70.6	72.0	73.4	74.9	76.4	77.9
TOTAL	2173.5	1841.3	2064.9	2386.4	2485.7	2530.3	2610.9	2772.8	3682.5	4308.4	4855.6	5223.2	5413.1	5525.5	5585.6	5632.9	5616.8	5603.8

*Rehabilitation and Restoration Includes: [Forest Service: Rehabilitation and Restoration; Federal Lands - Forest Health Management] [DOI: Burned Area Rehabilitation]

**Community Assistance Includes: [Forest Service: State Fire Assistance, Volunteer Fire Assistance] [DOI-State and Local Assistance]

***Research and Development Includes: [Forest Service: Research and Development; Joint Fire Sciences Program] [DOI-Joint Fire Sciences Program]

NATIONAL ASSOCIATION OF STATE FORESTERS ISSUE PAPER



Budget Reform: Federal Wildland Fire Suppression Costs

Wildfires continue to increase in number, size and intensity, and we need to change existing federal budget practices to better prepare for the reality of increasing suppression costs. Our nation's forests and communities need wildland fire protection delivered in a reliable, consistent and cost effective manner.

SOLUTION: Partition the federal suppression budget by introducing a budget set-aside for a flexible suppression spending account that would be linked to rigorous cost containment management controls and agency line officer incentives.

INTRODUCTION: Fire suppression costs for the USDA Forest Service and the Department of Interior have exceeded \$1 billion every year since 2000. In two of those years, costs exceeded \$2 billion. In 2007, the Forest Service will spend 45% of its budget on wildland fire suppression compared to 13% in 1991.

This increase has had effects on other programs, which is limiting our capacity to manage the wildland fire problem and hampering landscape-scale sustainable forest management efforts on both public and private lands.

In addition, higher temperatures combined with drought conditions, increasing hazardous fuel build-up in forests, and more homes located in or near fire-prone forests add complexity to wildfire suppression efforts and frustrate cost containment efforts. The noticeable results of these program cuts are the agencies inability to adequately address the threats to forestlands. Threats to forests are not being reduced fast enough, allowing the public benefits of forests, such as water quality, carbon sequestration, wildlife habitat, and air quality, to be compromised.

The result of the diminishing capacity to deliver core agency duties and programs is actually harmful to long-term prospects for reducing wildfire costs. Forest health management and community assistance which reduce wildfire threats are actually long-term investments that don't provide immediate payoff in reducing wildfire suppression costs.

SOLUTIONS: There is an urgent and dire need to reform federal wildfire suppression budgeting.

- **Partitioning the wildfire suppression budget** will provide a new financial mechanism that must be closely tied to cost containment management controls. This partition should be based on the true cost-driver of suppression expenditures, large fires. The fact is that only 1% of the

wildfires burn 95% of all burned acres, consuming 85% of total suppression costs. These 1% of escaped fires are truly above and beyond normal budgeting processes, and should be partitioned into a flexible suppression spending account, accessible only if certain cost containment measures are undertaken and normal suppression appropriated dollars have been expended.

- **Incentives:** If in any one year the agencies do not spend their normal suppression budget, the remainder should be made available to the agencies to be spent on other fire management related programs/activities, but only if strict cost containment controls are followed. If the cost control incentive structure is applied and left over suppression monies are invested in proactive fire management actions, wildfire threats will be reduced and simultaneously wildfire costs in the long run.

- **Full implementation and funding of the National Fire Plan and 10-year Comprehensive Strategy Implementation Plan** will enable the country to get out from underneath the current perpetuating cycle of increasing federal fire suppression costs. This would focus more attention to hazardous fuel reduction, forest restoration and most importantly community fire assistance aspects.

- **Increase the ability of local-level planning authorities to implement zoning and building codes in the Wildland Urban Interface (WUI)** by monitoring and supporting efforts, such as those outlined in the 10-year strategy.

- **Improving our initial attack capabilities.** Our collective wildfire response efficacy is highly dependent on the readiness of state and local wildfire responders. And no one entity can do it all alone. Federal support to strengthen state and local preparedness will go a long way in improving initial attack success, especially considering the efficiency of state and local departments.

- **Provide a system whereby incentives are provided to foster creative and effective cost control measures** that ensure wise expenditure of taxpayer dollars. Most of our wildfire cost drivers are based on decisions by line officers making field level decisions. These are cultural and behavioral decisions, and we believe the best way to influence behavior is to provide incentives.

SUMMARY: Wildfire management is a collaboration of federal, state, local and other resources, involving human capital, equipment, and materials. Current budget and wildfire management systems limit capacity to prevent, prepare and suppress wildland fire. This exacerbates not only current fiscal challenges, but also diminishes the environmental, economic and social values derived from our vital forest resource. To provide critical investments in forest health, fuels management and community preparedness that make our forests safer, a new federal wildfire suppression funding financial mechanism is needed.