



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

---

May 29, 2001

Joint Committee on Finance

Paper #667

### Forest Fire Emergency Fund Cap (DNR -- Forestry and Parks)

[LFB 2001-03 Budget Summary: Page 482, #15]

---

#### CURRENT LAW

Monies in the forest fire emergency fund represent reimbursements received by DNR from other states and the federal government for assistance provided by Wisconsin for out-of-state fire suppression efforts. There are two continuing appropriations in which payments received are deposited. One appropriation is designated for funds received from other states, the other for funds received from the federal government. Expenditures from these appropriations are limited to forest fire fighting activities. Wisconsin statutes specify that if the sum of the unencumbered balances in both appropriations exceeds \$500,000 at the end of any fiscal year, then the excess amount lapses to the overall balance of the forestry account of the conservation fund. The lapse would first come from the appropriation for payments from other states, with any further lapse directed from the appropriation for payments from the federal government.

#### GOVERNOR

Increase the cap on unencumbered balances contained in the forest fire emergency fund accounts from \$500,000 to \$1 million.

#### DISCUSSION POINTS

1. The Department receives reimbursements from the federal government for expenses incurred by the State for out-of-state fire suppression efforts. Monies received for the regular salary and fringe benefits cost of staff time dedicated to out-of-state fire suppression efforts remains in the fund, contributing to the continuing balance. Funds to reimburse overtime costs, LTE salaries, the use of capital equipment and supplies would be reallocated by DNR back to the unit that incurred

the original expense. For example, if foresters working out of the Barnes Ranger Station (Bayfield County) cooperated with out-of-state forest fire suppression efforts, reimbursements associated with their regular salary and fringe benefits would remain in the forest fire emergency fund. However, funds received to reimburse the costs associated with any supplies or equipment purchased to fight the forest fire, or for overtime incurred during out of state suppression efforts, would be returned to the operating budget of the station.

2. The Department argues that the cost of suppressing forest fires has been increasing, and that \$500,000 may be insufficient to cover expenses associated with a major forest fire, or several fires (if a particularly dry season led to multiple forest fires). Historically, DNR has attempted to maintain a balance of at least \$1 million in the forestry account to address this concern. However, if costs were to exceed the approximately \$500,000 available from the forest fire emergency fund, additional spending authority could be requested from the Joint Committee on Finance under s. 13.10. On the other hand, increasing the cap on the emergency fund would allow DNR to address significant forest fire concerns without potential delays that seeking additional expenditure authority might entail. In addition, it would reduce the pressure to maintain a sizable balance in the forestry account against the possibility of costs associated with forest fire suppression.

3. Both appropriations for the forest fire emergency fund were established in the 1995-97 biennial budget. The following table provides a history of payments to the fund since it was established. With the exception of \$12,700 received as reimbursement from another state in 1999-00, all other funds were received from the federal government.

**Forest Fire Payment Appropriation Totals**

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>
Opening Balance	\$0	\$38,000	-\$393,500	\$306,900	\$498,400
Revenue	99,900	52,500	700,400	350,700	480,500
Expenditures	61,900	484,000	0	159,200	416,900
Lapse to Forestry Account	0	0	0	0	62,000
Closing Balance	\$38,000	-\$393,500	\$306,900	\$498,400	\$500,000

4. As shown in the table, the forest fire emergency fund lapsed \$62,000 in 1999-00, and DNR estimates that approximately \$287,300 will be lapsed from the federal appropriation to the balance of the forestry account in 2000-01. If current law were maintained, any funding in excess of \$500,000 would lapse to the balance of the forestry account (and could be available to DNR through an emergency funding request under s.13.10 for forest fire or other emergency needs). However, DNR argues that increasing the cap to \$1 million would help ensure a greater reserve in case of

extensive forest fires.

### **ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to increase the cap on unencumbered balances contained in the forest fire emergency fund accounts from \$500,000 to \$1 million.
2. Maintain current law.

Prepared by: Rebecca Hotynski