



Legislative Fiscal Bureau

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June, 2019

Joint Committee on Finance

Paper #519

Forest Fire Protection Grants (Natural Resources -- Conservation and Recreation)

[LFB 2019-21 Budget Summary: Page 300, #5]

CURRENT LAW

The Department of Natural Resources (DNR) provides matching grants for municipalities and fire companies to acquire fire-resistant clothing, fire suppression supplies, vehicles, and other equipment, as well as training in forest fire suppression techniques. Municipalities may be eligible for program grants if they have entered into an agreement with DNR to assist forest fire suppression. The program is currently funded at \$170,000 from the forestry account of the segregated (SEG) conservation fund each year. State funding is provided under a biennial appropriation, meaning all amounts appropriated for the biennium may be spent at any time in the biennium. The program also uses federal funding from the U.S. Forest Service in the Department of Agriculture.

GOVERNOR

Provide \$278,000 each year in additional forestry SEG for forest fire protection grants. State funding for forest fire protection grants would be \$448,000 each year.

DISCUSSION POINTS

1. Forest fire protection grants were created as a pilot program by 1997 Wisconsin Act 27. Under the original program, grants could be used for up to 50% of the cost of acquiring fire suppression clothing, supplies, equipment, and vehicles. Administrative rules set the minimum award at \$750 for fire departments and \$5,000 for county fire suppression organizations; the rule also set the maximum award at \$10,000 for fire departments and \$25,000 for county fire suppression

organizations. In other words, a fire department must conduct a project of at least \$1,500. A fire department may expend more than \$20,000; however, DNR will only match costs up to \$10,000.

2. All applicants must have a memorandum of understanding (MOU) with DNR to provide forest fire suppression in defined areas within their jurisdiction. DNR reports that 767 fire departments currently have an MOU. The MOU must stipulate whether the fire department may request reimbursements from DNR for costs associated with responding to forest fires. Grant applications from fire departments that agree not to request reimbursements are weighted higher than applications from those fire departments that may request reimbursement. Currently 372 (48.5%) fire departments may request reimbursement. Since 2009, DNR has reimbursed fire departments for approximately 28% of responses. The percentage of fire departments that request reimbursement typically has not varied based on the number of fire events in the state.

3. The primary recipients of forest fire protection grants tend to be rural and voluntary fire departments. Local fire departments are generally able to respond to fire emergencies faster than the DNR suppression unit. Short response times allow units to fight fires while still small, potentially resulting in the loss of fewer acres of forest land and developed properties. The Department argues that these grants improve the effectiveness of most local fire departments in fighting forest fires by providing better coordination, training, and equipment.

4. 1997 Act 27 provided one-time funding of \$525,000 SEG annually and DNR was instructed to promulgate rules for a pilot program to provide supplies, training, and other related projects for local fire departments to fight forest fires. 1999 Wisconsin Act 9 made the program permanent, funding it at \$525,000 (\$327,000 FED and \$198,000 forestry SEG) annually. 2001 Wisconsin Act 16 increased forestry SEG funding by \$250,000 annually, setting the available amount at \$448,000 forestry SEG and \$327,000 FED per year. Act 16 further expanded the allowable uses of the grants to include fire prevention materials and forest fire suppression training. 2009 Act 28 reduced state funding by \$278,000 forestry SEG each year to \$170,000 each year. State funding has been set at \$170,000 annually since. The Governor's proposal would restore the funding that was cut in 2009 (\$278,000 forestry SEG), returning the program to \$448,000 SEG [Alternative 1].

5. Federal funding has varied from year to year. Since state fiscal year 2014-15, federal funding has ranged from \$357,000 to \$686,200, averaging \$468,800, as shown in Table 1. It should be noted that the SEG funding shown in the table is the amount expended in the state fiscal year, rather than the amount awarded, which has been \$170,000 in each fiscal year. This discrepancy is discussed further below.

TABLE 1

Forest Fire Protection Grants Expended by Fund Source

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Average</u>
SEG	\$170,000	\$132,484	\$207,516	\$10,000	\$130,000
FED	<u>394,200</u>	<u>356,916</u>	<u>437,984</u>	<u>686,200</u>	<u>468,800</u>
Total	\$564,200	\$489,400	\$645,500	\$696,200	\$598,800

6. Federal funding comes primarily from the U.S. Forest Service Volunteer Fire Assistance (VFA) grant. The VFA grant functions similarly to DNR's forest fire protection grants, providing funding to states to award matching grants for technical training and firefighting equipment to rural fire departments. DNR also uses the U.S. Forest Service State Fire Assistance (SFA) grant program to fund forest fire protection grants. DNR mainly uses the SFA grant primarily for its own fire suppression expenses, such as controlled burns or fire monitoring. However, DNR will occasionally provide additional local fire suppression grants through the Department's SFA award. The U.S. Forest Service issues guidance to states between May and July on the amount of funds available for grants. States must then apply for these grants. Awards are typically made to states by July.

7. The Department reports that grant applications have routinely exceeded available funds. An average of 8% of grant requests are unfilled each year. Additionally, DNR may prorate awards when requests exceed available funding. An average of 17% of requests are prorated, receiving a lower award than the application would be eligible for each year. Table 2 below summarizes the number of requests awarded by DNR since 2014-15.

TABLE 2

Fire Protection Grants Applicant Funding Status, by Fiscal Year

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Average</u>
Number of Applicants	249	246	207	225	231.75
Number of Awards Fully Funded	143	149	191	201	171
Percent of Awards Fully Funded	57.4%	60.6%	92.3%	89.3%	74.9%
Number of Awards Prorated	79	68	6	12	41.25
Percent of Awards Prorated	31.7%	27.6%	2.9%	5.3%	16.9%
Total Applicants Receiving Funding	222	217	197	213	212.25
Percent of Applicants Receiving Funding	89.2%	88.2%	95.2%	94.7%	91.6%

8. While DNR has been able to provide funding to approximately 90% of applicants in the last two completed fiscal years, some applicants receive less funding than they request or than they are eligible to receive. Since 2014-15, Table 3 shows DNR has funded between 31% and 86% of the grant amounts requested. Over the five years shown, DNR was unable to fund approximately half of grant amounts requested, on average. Over that time, requests have averaged approximately \$780,400 above available grant funding, as shown in Table 3.

TABLE 3

Fire Protection Grant Amounts Awarded

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Average</u>
Total Awards	\$564,200	\$489,400	\$645,500	\$696,200	\$598,800
Total Request	\$1,753,500	\$1,575,000	\$1,380,300	\$808,000	\$1,379,200
Percent of Request Awarded	32.2%	31.1%	46.8%	86.2%	49.0%
Request Amount Unmet	\$1,189,300	\$1,085,600	\$734,800	\$111,800	\$780,400

9. Total expenditures from the state award portion of the grants vary from year to year in the table due to the timing of DNR grant awards. DNR may tentatively award all of its expenditure authority for a given fiscal year, but it will not necessarily pay those awards in the same fiscal year. DNR makes reimbursements to fire departments after a project has been completed, pending a final audit. For example, DNR paid \$10,000 in grant awards in 2017-18. As of May, 2019, DNR has expended \$232,800 on fire suppression grant awards in 2018-19. This amount includes \$155,200 associated with grants awarded in fiscal year 2017-18. DNR expects to make final payments related to 2017-18 awards by June 30, 2019. Additionally, DNR reports that it has tentatively awarded its entire expenditure authority, both SEG and FED, for applications made in fiscal year 2018-19.

10. State funding under the bill, when paired with available federal funding would allow DNR to award approximately 70% of the requested grant amounts, on average, as opposed to less than 50% of the requested amount under current law. For many fire departments, these grants are the primary or only means by which they can train and be prepared for forest fire suppression. Given the benefits to the state and the level of unmet demand, the Committee could consider aiming to fund approximately 85% of the average grant requests. Since federal funds have averaged approximately \$450,000, the Committee could consider providing \$530,000 SEG, which would bring the total amount available for grants to \$700,000 SEG and \$450,000 FED (\$1,150,000 in total) [Alternative 2].

11. While the amount of forestry funding available for these grants has remained constant since fiscal year 2009-10, the purchasing power of these grants has declined due to inflation. The Consumer Price Index (CPI) has risen approximately 13% since June, 2009, when current funding levels were set. If forest fire protection grants had been indexed to inflation, the amount of state funding available in fiscal year 2019-20 would have increased by approximately \$20,000. The committee could consider increasing the available funding to \$190,000 to reflect inflation [Alternative 3].

12. Since many fire departments use DNR forest fire protection grants to acquire equipment, an alternate measure of inflation that may more accurately reflect the cost of forest fire equipment is the cost of heavy machinery and equipment. Since June 2009, the cost of producing certain agricultural and silvicultural equipment has increased by approximately 19.3% and the cost of producing truck and bus bodies has increased by approximately 18.6% according to the U.S. Bureau

of Labor Statistics. While these measures do not account for the final consumer price for these products, they illustrate how the cost of heavy equipment has outpaced the general inflation rate. Given the overall rise in the cost of heavy equipment, the Committee could consider providing an additional \$32,500 forestry SEG annually for forest fire protection grants to reflect the approximately 19% increase in prices related to heavy equipment since 2009 [Alternative 4].

13. It could be argued that well-equipped and well-trained fire departments will be able to suppress forest fires more effectively and quickly than would otherwise happen. Of the 378 fire departments that may request reimbursement from DNR, only 154 may request reimbursement for initial attack (the first hour of firefighting) response. A well-trained and well-equipped fire department may be able to suppress a forest fire within one hour, allowing fewer departments to request reimbursement. Increasing the amount available for these grants may reduce expenditures from DNR's general forestry operations used to fund reimbursements.

14. However, it could be argued that local fire departments benefit most from these grants, as they receive supplies, training, and equipment that may be used in routine firefighting, in addition to forest fire suppression. Additionally, these communities would bear the greatest cost for damages associated with forest fires in their areas. From this perspective, it may be reasonable to encourage local funding of these initiatives. Taking no action would leave the grants at their base level funding of \$170,000 forestry SEG each year [Alternative 5].

ALTERNATIVES

1. Approve the governor's request to provide an additional \$278,000 forestry SEG annually for forest fire protection grants.

ALT 1	Change to	
	Base	Bill
SEG	\$556,000	\$0

2. Provide an additional \$530,000 forestry SEG annually for forest fire protection grants, to cover roughly 85% of requested grants.

ALT 2	Change to	
	Base	Bill
SEG	\$1,060,000	\$504,000

3. Provide an additional \$20,000 forestry SEG annually for forest fire protection grants, to reflect price increases of 13% since 2009, due to inflation.

ALT 3	Change to	
	Base	Bill
SEG	\$40,000	- \$516,000

4. Provide an additional \$32,500 forestry SEG annually for forest fire protection grants, to reflect increased costs of heavy equipment that could be used to fight forest fires.

ALT 4	Change to	
	Base	Bill
SEG	\$65,000	- \$491,000

5. Take no action.

ALT 5	Change to	
	Base	Bill
SEG	\$0	- \$556,000

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