

# The 2022-23 Budget:

# Wildfire and Forest Resilience Package

## Summary

In this brief, we provide our initial assessment and recommendations on the Governor's proposed wildfire and forest resilience package, based on the information available at the time the brief was prepared. We may provide additional analyses as additional information becomes available from the administration.

### ***Governor Proposes \$1.2 Billion Over Two Years, Including \$800 Million in New Funding.***

The Governor proposes \$800 million from the General Fund over two years—\$400 million in 2022-23 and 2023-24—to implement various efforts to improve forest health and make communities more resilient to future wildfires. This is in addition to \$200 million that is continuously appropriated from the Greenhouse Gas Reduction Fund (GGRF) from 2022-23 through 2028-29, consistent with the 2021-22 budget package. The Governor's proposal includes augmentations for roughly 30 programs across a total of 15 state agencies. A few of these programs are new, but most of them received prior funding as part of wildfire and forest resilience budget packages approved by the Legislature in 2021, which provided one-time funding in 2020-21 and 2021-22.

**Assessment.** Overall, we find that continued focus on wildfire prevention and mitigation activities has merit given the worsening pattern of large and severe wildfires in recent years. However, we note that in many cases, departments are still implementing the funding from the prior wildfire and forest resilience packages and that information on the outcomes from those funds is limited. We also find that legislative guidance could improve the implementation of some programs proposed for funding. We also find that while the new programs proposed for funding are aimed at addressing important issues, key details on how these programs would be structured and the rationale for the proposed funding amounts are lacking. We further find that there are trade-offs associated with the Governor's two-year funding approach, since some activities require ongoing funding to be effective and others lack adequate information to assess the amount of funding that will be required in 2023-24. Finally, we find that robust legislative oversight in this area remains essential.

**Recommendations.** Based on our assessment, we provide several recommendations. Specifically, we recommend that the Legislature consider whether the total level of funding proposed, as well as the specific mix among programs, is consistent with legislative priorities. We also recommend that the Legislature provide statutory guidance to inform program implementation, as appropriate. We further recommend that the Legislature defer action on the proposed package until the spring when additional information should be available on the pace of spending and outcomes from the prior budget packages to inform its decisions. Additionally, we recommend that the Legislature consider alternatives to a two-year funding plan, such as providing ongoing or one year of funding in certain cases. Finally, we recommend that the Legislature continue its oversight activities in this area.

## Introduction

### ***This Brief Provides Our Initial Comments.***

This brief is designed to provide the Legislature with a clearer understanding of what is contained in the Governor’s wildfire and forest resilience package, as well as our initial assessment and recommendations to help guide legislative deliberations. We may provide additional analysis, comments, and recommendations, as relevant, in the coming weeks as additional information becomes available from the administration. We also note that, in addition to this package, the Governor is proposing a number of other wildfire-related

proposals as part of the January budget that are not covered in this brief.

***Brief Includes Four Main Sections.*** This brief consists of four main sections. First, we provide background on wildfires in California, as well as recent state funding for wildfire and forest resilience. Second, we summarize the Governor’s proposed wildfire and forest resilience package. Third, we provide an initial assessment of the package based on the information available at the time of the preparation of this brief. Finally, we provide recommendations for the Legislature as it considers the Governor’s proposed package.

## BACKGROUND

### Wildfires in California

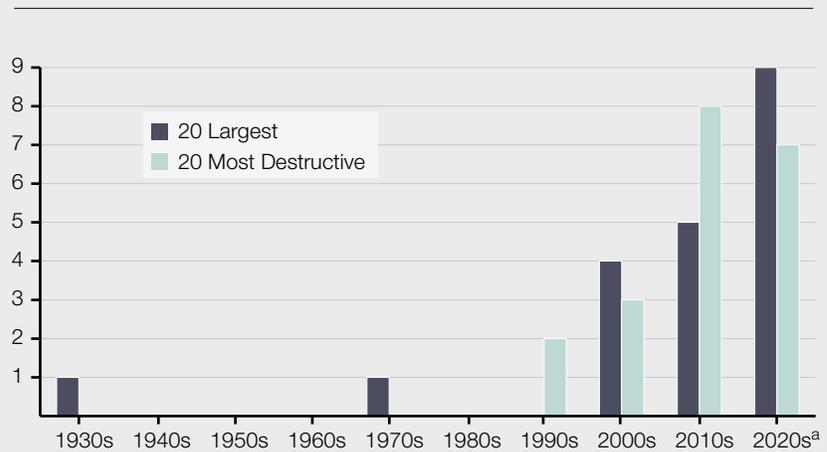
***Wildfires Are a Natural Part of California’s Ecosystems.*** Historically, significant parts of the state would burn annually, especially during the warm, dry months of the year. Many species native to California adapted to these regular, low- and moderate-intensity wildfires. These regular fires played an important role in keeping the state’s forests and landscapes healthy by periodically clearing underbrush and contributing to regrowth of native plant species.

***Severe Wildfires Are a Large and Growing Problem.*** While wildfires have potential benefits, they can also be highly problematic when they are much more severe than they would be naturally and threaten lives and property. In recent years, California has experienced a growing number of these problematic wildfires. As **Figure 1** shows, most of California’s largest and most destructive wildfires have occurred in recent decades. This trend has been particularly notable in the last few years, which have seen some of the worst wildfires in the state’s recorded history. For example, the 2018 wildfire season included

the Camp Fire in Butte County, which became the single most destructive wildfire in state history with nearly 19,000 structures destroyed and 85 fatalities, including the near-total destruction of the town of Paradise. A few key factors have contributed to the recent increase in destructive wildfires, including climate change, poor forest and land management practices, and increased development in fire-prone areas.

Figure 1

### Most of the Largest and Most Destructive Wildfires Have Occurred in Recent Decades



<sup>a</sup> Includes wildfires that occurred in 2020 and 2021.

## Recent State Funding for Wildfires

### State Spending on Wildfires Has Grown Substantially in Recent Years.

In response to recent severe wildfire seasons and growing wildfire risks, the state has augmented funding for various wildfire-related activities, including those related to wildfire response and resilience. Specifically, as shown in **Figure 2**, the California Department of Forestry and Fire Protection’s (CalFire’s) total funding for fire protection, resource management, and fire prevention has grown from \$800 million in 2005-06 to an estimated \$3.7 billion in 2021-22. (The resource management and fire prevention funding is generally intended to improve the state’s resilience to wildfires through reducing the likelihood that wildfires will occur and lessening the damage that wildfires cause when they do occur.) Notably, funding for resource management and fire prevention makes up a relatively small—but generally increasing—share of the department’s funding. Recent increases in this funding have been driven by two main factors. First, Chapter 626 of 2018 (SB 901, Dodd) required that \$200 million from the Greenhouse Gas Reduction Fund (GGRF) be spent on forest health and fire prevention activities annually through 2023-24. Second, the passage of two major wildfire and forest resilience packages in 2021 provided a significant amount of one-time funding for wildfire resilience, as we discuss further below.

### Early Action Package

#### Provided Funding for Wildfire Resilience.

On April 13, 2021, the Governor signed Chapter 14 of 2021 (SB 85, Committee on Budget and Fiscal Review), which amended the *2020-21 Budget Act* to provide additional funding for a package of various wildfire and forest resilience proposals. (We refer to this package as the “early action” package in this brief.) As shown in **Figure 3** on the next page, the package included \$536 million on a one-time basis in 2020-21 for roughly two dozen different programs managed by 14 departments.

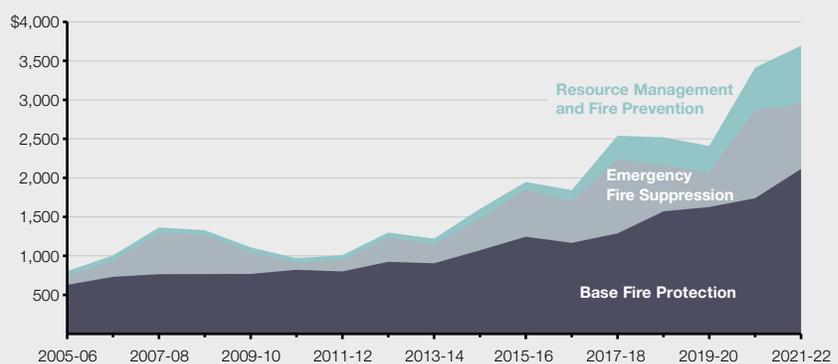
(For additional information on these programs, see our February 2021 publication, *The 2021-22 Budget: Wildfire Resilience Package—Analysis of Individual Programs*.) Of the total funding for the package, \$411 million was from the General Fund and \$125 million was from GGRF. The amounts from GGRF were intended to bring total GGRF spending on forest health and prescribed fire activities to \$200 million annually, consistent with the requirements in SB 901. (The *2020-21 Budget Act* provided less than the statutory direction because of uncertainty about the amount of GGRF revenues at the time the budget act was adopted in June 2020.) Most of the funding in the early action package was provided to expand existing programs rather than to create new programs. The adoption of the package through early action was intended to enable departments to start work immediately on projects rather than waiting until the passage of the 2021-22 budget. By starting work immediately, the administration anticipated that projects would be in place roughly one fire season sooner than they would have been otherwise.

### 2021-22 Budget Provided Additional Funding for Wildfire Resilience.

The 2021-22 budget—as amended in September 2021—provided a total of \$988 million on a one-time basis for various departments to implement a package of proposals focused on wildfire prevention and improving landscape health. The package

Figure 2

### State Spending on CalFire Has Grown (In Millions)



CalFire = California Department of Forestry and Fire Protection.

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Figure 3

### Previous Wildfire and Forest Resilience Package Appropriations and Commitments

Commitments as of December 2, 2021 (Dollars in Millions)

Program	Department	Early Action for 2020-21		2021-22 Budget	
		Appropriated	Percent Committed	Appropriated	Percent Committed
<b>Resilient Forests and Landscapes</b>		<b>\$214</b>	<b>93%</b>	<b>\$402</b>	<b>4%</b>
Forest Health Program	CalFire	\$155	100%	\$159	—
Stewardship of state-owned land	Parks	15	100	105	—
Stewardship of state-owned land	CDFW	15	100	40	39%
Forest Improvement Program	CalFire	10	80	40	—
Urban forestry	CalFire	10	—	20	—
Tribal engagement	CalFire	1	—	19	—
Forest Legacy Program	CalFire	6	100	10	—
Reforestation nursery	CalFire	2	—	9	—
<b>Wildfire Fuel Breaks</b>		<b>\$148</b>	<b>100%</b>	<b>\$236</b>	<b>11%</b>
Fire prevention grants	CalFire	\$123	100%	\$120	—
Prescribed fire and hand crews	CalFire	15	100	35	—
CalFire unit fire prevention projects	CalFire	10	100	40	—
Forestry Corps and residential centers	CCC	—	—	27	99%
Contract counties	CalFire	—	—	14	—
<b>Regional Capacity</b>		<b>\$119</b>	<b>93%</b>	<b>\$199</b>	<b>4%</b>
Regional Forest and Fire Capacity Program	DOC	\$50	90%	\$60	—
Project implementation	SNC	20	100	50	—
Project implementation	TC	1	100	36	—
Project implementation	SMMC	12	98	15	55%
Project implementation	RMC	12	71	15	—
Project implementation	SDRC	12	100	13	5
Project implementation	SCC	12	100	10	—
<b>Science-Based Management</b>		<b>\$3</b>	<b>100%</b>	<b>\$79</b>	<b>21%</b>
Remote sensing	CNRA	—	—	\$25	—
Monitoring, research, and management	CalFire	\$3	100%	20	82%
Prescribed Fire Liability Pilot	CalFire	—	—	20	—
Interagency data hub	CalFire	—	—	10	—
Permit efficiencies	CARB	—	—	2	—
Permit efficiencies	SWRCB	—	—	2	—
<b>Forest Sector Economic Stimulus</b>		<b>\$25</b>	<b>12%</b>	<b>\$51</b>	<b>—</b>
Climate Catalyst Fund and market strategy	Ibank, Go-Biz	\$16	—	\$33	—
Workforce development	CalFire, CWDB	6	—	18	—
Market development	OPR	3	100%	—	—
<b>Community Hardening</b>		<b>\$27</b>	<b>19%</b>	<b>\$20</b>	<b>—</b>
Home hardening	OES, CalFire	\$25	12%	—	—
Defensible space inspectors	CalFire	2	100	\$13	—
Land use planning and public education	UC ANR, CalFire	—	—	7	—
<b>Totals</b>		<b>\$536</b>	<b>87%</b>	<b>\$988</b>	<b>7%</b>

CalFire = California Department of Forestry and Fire Protection; Parks = Department of Parks and Recreation; CDFW = California Department of Fish and Wildlife; CCC = California Conservation Corps; DOC = Department of Conservation; SNC = Sierra Nevada Conservancy; TC = Tahoe Conservancy; SMMC = Santa Monica Mountains Conservancy; RMC = San Gabriel & Lower LA Rivers & Mountains Conservancy; SDRC = San Diego River Conservancy; SCC = State Coastal Conservancy; CNRA = California Natural Resources Agency; CARB = California Air Resources Board; SWRCB = State Water Resources Control Board; IBank = California Infrastructure and Economic Development Bank; Go-Biz = Governor's Office of Business and Economic Development; CWDB = California Workforce Development Board; OPR = Office of Planning and Research; OES = Office of Emergency Services; and UC ANR = University of California Agriculture and Natural Resources.

included \$758 million from the General Fund and \$230 million from GGRF for roughly 30 different programs managed by 18 departments. In general, this package funded a similar mix of programs that were funded in the early action package. The 2021-22 budget also included language continuously appropriating \$200 million annually for forest health and wildfire prevention from 2022-23 through 2028-29. Additionally, the budget included language requiring the administration to report certain information—such as a summary of projects that received funding and the average cost per project—annually on all the wildfire and forest resilience programs that were funded in the early action and 2021-22 budget packages. The first of these required reports is due to the Legislature on April 1, 2022, and reports are due annually thereafter until April 1, 2026.

**Most Early Action Funding and Some 2021-22 Funding Has Been Committed.** As shown in Figure 3, as of December 2021, the administration reported that 87 percent of the funding provided in the early action package had been committed. Additionally, 7 percent of the 2021-22 funding had been committed. (Funding is considered committed when it has been allocated to specific projects or activities. However, in some cases, it can take a few years to complete the funded projects or activities.) Notably, some programs have committed a greater share of their funding to projects to date than others. Some of the programs that have been relatively slow to commit funds have been newer programs that have taken time to launch, such as the pilot program that supports home hardening retrofits and the Climate Catalyst Fund. (The home hardening retrofit program was established consistent with Chapter 391 of 2019 [AB 38, Wood].)

## GOVERNOR'S PROPOSAL

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**Proposes \$1.2 Billion Over Two Years, Including \$800 Million in New Funding.** The Governor proposes \$800 million from the General Fund over two years—\$400 million annually in 2022-23 and 2023-24—to implement various efforts to improve forest health and make communities more resilient to future wildfires. This is in addition to \$200 million that is continuously appropriated from GGRF in each of these years, consistent with the 2021-22 budget package.

**Largest Share of Funds for Forest Resilience and Fuel Breaks.** As shown in **Figure 4** on the next page, roughly half of the funds over the two years—\$582 million—would support programs designed to promote healthy forests and landscapes, generally by removing hazardous fuels. Another roughly one-third of the funds—\$382 million—would support installation and maintenance of wildfire fuel breaks. The remaining funds—totaling \$236 million—are proposed for projects to provide regional capacity for forest health projects, as well as to encourage forest sector economic stimulus, science-based forest management, and community hardening. This proposed allocation of funds across program

categories is similar to the approach taken in the early action and 2021-22 packages.

**Most Funding Targeted to Programs Funded in Prior Packages.** Most of the proposed funding would go towards programs that already received funding as part of the early action or 2021-22 budget package. However, the Governor proposes to fund a few programs that did not previously receive funding. These programs include:

- **Post-Fire Reforestation—CalFire (\$50 Million in 2022-23 and \$50 Million in 2023-24).** This funding would support the reforestation of areas affected by wildfires with the goal of reducing the likelihood of type conversion. (Type conversion is when forests do not return to their previous condition after severe wildfires, but instead transition to other vegetation types, such as scrubs or grasses.)
- **Stewardship of State-Owned Land—California Natural Resources Agency (CNRA) (\$15 Million in 2022-23 and \$15 Million in 2023-24).** This funding would support wildfire resilience on state-owned land.

Figure 4

### Governor’s Proposed Wildfire and Forest Resilience Package

(In Millions)

Program	Department	2022-23	2023-24	Total
<b>Resilient Forests and Landscapes</b>		<b>\$292</b>	<b>\$290</b>	<b>\$582</b>
Forest Health Program	CalFire	\$120	\$120	\$240
Post-fire reforestation	CalFire	50	50	100
Stewardship of state-owned land	CDFW	30	30	60
Stewardship of state-owned land	Parks	20	20	40
Forest Legacy Program	CalFire	14	19	33
Urban forestry	CalFire	20	10	30
Stewardship of state-owned land	CNRA	15	15	30
Forest Improvement Program	CalFire	11	14	25
Tribal engagement	CalFire	10	10	20
Reforestation nursery	CalFire	2	2	4
<b>Wildfire Fuel Breaks</b>		<b>\$190</b>	<b>\$192</b>	<b>\$382</b>
Fire prevention grants	CalFire	\$115	\$117	\$232
Prescribed fire and hand crews	CalFire	35	35	70
CalFire unit fire prevention projects	CalFire	20	20	40
Forestry Corps and residential centers	CCC	20	20	40
<b>Regional Capacity</b>		<b>\$55</b>	<b>\$55</b>	<b>\$110</b>
Regional Forest and Fire Capacity Program	DOC	\$20	\$20	\$40
Project implementation	SNC	13	12	25
Project implementation	SCC	10	10	20
Project implementation	SMMC	5	5	10
Project implementation	TC	5	5	10
Project implementation	SDRC	2	3	5
<b>Community Hardening</b>		<b>\$22</b>	<b>\$22</b>	<b>\$44</b>
Home hardening	OES, CalFire	\$13	\$12	\$25
Defensible space inspectors	CalFire	5	5	10
Land use planning and public education	UC ANR, CalFire	4	5	9
<b>Forest Sector Economic Stimulus</b>		<b>\$22</b>	<b>\$22</b>	<b>\$44</b>
Workforce development	CalFire, CWDB	\$15	\$15	\$30
Woody biomass transportation	CalFire	5	5	10
Market development	OPR	2	2	4
<b>Science-Based Management</b>		<b>\$19</b>	<b>\$19</b>	<b>\$38</b>
Monitoring, research, and management	CalFire	\$7	\$8	\$15
State demonstration forests	CalFire	5	5	10
Remote sensing	CNRA	3	2	5
Permit efficiencies	CARB	2	2	4
Permit efficiencies	SWRCB	2	2	4
<b>Totals</b>		<b>\$600</b>	<b>\$600</b>	<b>\$1,200</b>
<b>By Fund Source</b>				
General Fund		\$400	\$400	\$800
Greenhouse Gas Reduction Fund		200	200	400

CalFire = California Department of Forestry and Fire Protection; CDFW = California Department of Fish and Wildlife; Parks = Department of Parks and Recreation; CNRA = California Natural Resources Agency; CCC = California Conservation Corps; DOC = Department of Conservation; SNC = Sierra Nevada Conservancy; SCC = State Coastal Conservancy; SMMC = Santa Monica Mountains Conservancy; TC = Tahoe Conservancy; SDRC = San Diego River Conservancy; OES = Office of Emergency Services; UC ANR = University of California Agriculture and Natural Resources; CWDB = California Workforce Development Board; OPR = Office of Planning and Research; CARB = California Air Resources Board; and SWRCB = State Water Resources Control Board.

- **Woody Biomass Transportation Subsidy—CalFire (\$5 Million in 2022-23 and \$5 Million in 2023-24).** This funding would implement, on a pilot basis, a subsidy program for transporting woody biomass to encourage the transportation of dead trees to wood processing businesses.
- **State Demonstration Forests—CalFire (\$5 Million in 2022-23 and \$5 Million in 2023-24).** This funding would support state demonstration forests, which provide applied research on forest-related issues.

**Funding for Most Programs Allocated Equally Between the Two Years.** For most programs, the funding is proposed to be allocated roughly evenly between 2022-23 and 2023-24. Based on our discussions with the administration, it is our general understanding that all of the proposed funding for 2022-23 is expected to be committed to projects that year, and all the 2023-24 funding is expected to be committed to projects that year. Although, as previously mentioned, it could take a few years for funded projects to be completed.

## ASSESSMENT

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In this section of the brief, we offer our initial comments on the Governor’s wildfire and forest resilience package to inform the Legislature’s budget deliberations. We may have further comments as additional information from the administration becomes available in the coming weeks.

**Continued Focus on Wildfire Prevention and Mitigation Has Merit.** We find that increased budget support for programs that attempt to reduce the risks associated with wildfires is merited given the increasing pattern of severe wildfires in recent decades and the major consequences of these fires on local communities and the broader state. Notably, the Legislature took important steps toward addressing these risks with the passage of the early action and 2021-22 packages, as well as the continuous appropriation of GGRF for forest health and wildfire prevention through 2028-29. However, the scale of the effort that will likely be required to make the state resilient to wildfires is so large—involving treating millions of acres and better protecting millions of homes in high fire-risk areas over the coming years—that it will take additional funding to accomplish. Additional funding for these types of activities, such as proposed by the Governor, will help continue this worthwhile work.

**Myriad of Risks Warrants Consideration of Multiple Strategies.** The proposed package includes a mix of programs designed to reduce future wildfire risks and damages. Many of these programs could be useful in addressing the varied

contributors to wildfire risk. For example, forest health and fuel break programs could reduce the risk of rapid wildfire spread, community hardening could reduce the number of properties severely damaged when wildfires do occur, and research could help the state better target future funding to the most cost-effective strategies and/or where risks are determined to be greatest.

**Departments Still Implementing Funding From Prior Packages.** Most of the funding proposed by the Governor would support programs that received funding in the early action and 2021-22 wildfire and forest resilience packages. In most cases, implementing departments have made significant progress in committing early action funds to projects. Specifically, as of December 2021, only \$68 million of the \$536 million provided (13 percent) was uncommitted. However, most of the 2021-22 wildfire and forest resilience package funding remains uncommitted. Notably, as of December 2021, \$920 million of the \$988 million provided in 2021-22 (93 percent) was not committed. The slower pace of committing 2021-22 funding is not unexpected given that the funding was approved less than six months ago and was envisioned to be used over a period of multiple years. However, given the significant amount of funding left uncommitted to date, a key consideration for the Legislature will be the extent to which implementing agencies, and their partners, have capacity to administer the proposed funding and undertake the proposed program expansions in a timely manner.

**Information on Outcomes Is Limited.** Many of the activities proposed for funding are widely considered good practices to reduce wildfire risks, particularly reduction of hazardous fuels, defensible space, and home hardening. However, the available information on the cost-effectiveness of many programs is somewhat limited—making it difficult for the Legislature to know whether the Governor’s proposed package represents the most effective way to allocate funds for wildfire prevention and mitigation. Also, while the administration has identified the projects to which they had committed funding as of December 2021, information on the specific outcomes achieved and the associated costs is not yet available. We note that a summary of the funded projects and program costs is required to be included in the administration’s annual report to the Legislature, the first of which is due in April 2022. Additionally, AB 38 required a report assessing the cost-effectiveness of defensible space and home hardening compared to other activities to be completed by 2024. These required reports should help inform future legislative decisions on how much to spend on various potential approaches to reducing wildfire risks.

**Legislative Guidance Could Improve Implementation of Some Programs.** In some cases, the programs proposed for funding could benefit from additional guidance from the Legislature to ensure that they are implemented in the most effective manner. For example, in our December 2021 report, *An Initial Review of the Regional Forest and Fire Capacity Program*, we found that the lack of state requirements for regional priority plans has led to a disjointed approach to the Regional Forest and Fire Capacity program and that the lack of data collection and reporting makes it difficult to evaluate the program. Accordingly, we recommended that the Legislature create requirements for regional priority plans and adopt evaluation and reporting requirements. Additionally, in our September 2021 report, *Reducing the Destructiveness of Wildfires: Promoting Defensible Space in California*, we found that defensible space inspection rates varied widely by CalFire unit (from 6 percent to 96 percent in 2019-20). Accordingly, while we found that providing additional ongoing staff for CalFire to conduct defensible space inspections is merited to enable

the department to meet its goal of inspecting every parcel at least once every three years, we also found that ensuring that a staffing plan is developed would be important to make sure that the funding is allocated in a way that achieves this goal in all units.

**New Programs Aimed at Addressing Important Issues, but Key Details Lacking.** The proposed new programs address worthwhile areas of focus, but at the time of this analysis there was insufficient detail provided on these programs to fully evaluate their merits.

- **Post-Fire Reforestation.** Providing funding for reforestation would help reduce the likelihood of type conversion and promote long-term landscape health. However, the administration has not provided at this time key details on the proposed program, such as what specific activities the funding would support, the rationale for the proposed funding amount, and the anticipated outcomes of the funding. This information is necessary for the Legislature to fully evaluate whether the proposed approach and funding amount are appropriate.
- **CNRA State-Owned Land.** Making state-owned land more resilient to wildfires is an important goal. However, it currently is not clear what specific types of activities and projects the proposed funding would support and how this funding would complement or duplicate efforts to steward state-owned land through other agencies, such as the Department of Parks and Recreation, Department of Fish and Wildlife, and the Tahoe Conservancy.
- **Woody Biomass Transportation Subsidy.** The accumulation of woody biomass, such as due to recent wildfires, is a significant issue that merits attention. This is because, in some cases, it is not economically viable to transport this woody biomass to processing facilities. However, leaving biomass in place or burning it has significant negative impacts that extend beyond the individual property owner, including potentially elevating wildfire risks and generating additional emissions. Accordingly, it appears generally reasonable for the state to help address this issue by providing some level of financial support to incentivize the transfer of

biomass to processing businesses. However, key details about how a subsidy would be implemented were lacking at the time of this analysis. For example, it is unclear who would be eligible for subsidies, how the amount of the subsidy would be determined, and how the outcomes of the pilot would be tracked and reported to the Legislature. These and other details are essential for the Legislature to effectively assess whether the specific approach and funding amounts proposed by the administration are justified.

- **State Demonstration Forests.** State demonstration forests are a valuable resource that helps provide research on forest-related issues. However, at the time of this analysis, it was unclear what the proposed funding would be used for, what specific outcomes would be expected, and why the proposed amount was selected.

We also note that we have some outstanding questions on many of the proposals in the package that received prior funding, including about (1) the outcomes that were achieved with the previous funding, (2) when the implementing department anticipates fully committing the funding, (3) the extent to which the department has capacity to utilize additional funds, and (4) the rationale for the specific amount of proposed funding.

**Trade-Offs Associated With Two-Year Funding Approach.** The \$800 million of new funding in the Governor's package is proposed over a two-year period. According to the administration, it is proposing this two-year funding approach in order to provide the certainty of multiyear funding, but also to limit ongoing General Fund commitments. It is understandable that the administration is cautious regarding providing ongoing General Fund augmentations. Nonetheless, this funding approach also presents a couple key challenges.

First, allocating funding for 2023-24 at this time, rather than waiting until the 2023-24 budget, means that the allocation decisions would not benefit from additional information that may be gathered in the coming year. This includes additional information on the administration's continued progress towards committing early action and 2021-22 funding and on the outcomes achieved with those funds. Such

information would be particularly important for programs that have been slow thus far to commit funding, since another year of information could provide the Legislature with a clearer sense of the program's capacity to utilize additional funds and the results that might be expected from additional funds.

Second, some programs will require ongoing support to be effective. For example, even where effective forest treatment occurs, it is often necessary to do additional maintenance and retreatments in subsequent years to prevent too much vegetation regrowth, particularly of invasive species. Other programs areas—such as defensible space inspections—should also be considered ongoing efforts, since vegetation grows back and regular inspections are needed to ensure continued compliance with state defensible space requirements. For these types of programs, the benefit to providing the certainty of multiyear funding could merit the allocation of ongoing General Fund resources, particularly in cases where there is sufficient information on outcomes and spending rates thus far to enable the Legislature to be reasonably confident about the appropriate amount of funding to provide on an ongoing basis.

**Legislative Oversight Remains Important.**

In recent years, the Legislature has prioritized conducting oversight activities—such as conducting legislative hearings and requiring periodic reports—on wildfire issues, including the expenditure of wildfire and forest resilience funding. We find that it will be important for the Legislature to continue to conduct oversight given the (1) importance of improving wildfire resilience, (2) amount of funding that has been provided to date, and (3) value in gaining lessons-learned to inform future funding and policy decisions. To facilitate continued oversight, it will be important for the Legislature to obtain key information from the administration going forward, including information on funded projects and the outcomes that have been achieved. The Governor is not currently proposing that the reporting requirements that were codified for those previous packages be extended to this proposed package. However, in our conversation with the administration, they expressed a commitment to report the information of the early action and 2021-22 packages for this proposed package as well.

## RECOMMENDATIONS

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In this section of the brief, we provide our initial recommendations on the Governor’s wildfire and forest resilience package to inform the Legislature’s budget deliberations. We may have additional or modified recommendations as further information from the administration becomes available.

**Consider Funding Amounts in Context of Legislative Priorities.** Given the lack of clear evidence regarding the relative effectiveness of different mitigation and prevention activities, it is difficult for the Legislature to determine whether the proposed package represents the “best” mix of programs and level of funding to address wildfire risks. For this reason, it will be particularly important for the Legislature to ensure that the total level of funding proposed for wildfire and forest resilience, as well as the mix among programs, is consistent with its priorities. In identifying its funding priorities, some of the factors that we recommend the Legislature consider include:

- **Emerging Information on Spending Progress and Outcomes.** The Legislature could consider focusing its allocations on programs that appear to have capacity to use additional funds—as evidenced in part by their ability to get previously appropriated funding out to projects—and are able to provide relatively compelling information on outcomes.
- **Ability to Test and Research Promising Approaches.** The Legislature could consider the extent to which the proposed funding goes to demonstration projects or pilots that could be helpful in improving the state of knowledge about effective approaches to wildfire mitigation.
- **Which Harms Would Be Mitigated.** For example, to the extent protecting homes and reducing economic costs are high priorities, the Legislature could consider dedicating more funding to community hardening. Alternatively, to the extent that mitigating damage to the environment from severe wildfires is a high priority, the Legislature could consider focusing more on improving the health of forests and landscapes.
- **Which Groups of Californians Are Most Impacted.** The Legislature might want to consider how wildfires affect different communities, how past funding has been directed, and the extent to which the proposed strategies could more equitably target new spending. For example, the Governor’s plan includes funding dedicated to forest health projects on tribal lands, and the home hardening program is intended to go to lower-income households that might otherwise be less able to implement these safety improvements on their own.
- **Protecting State Assets and Responsibilities.** For example, some funding in the package is targeted to addressing risks on state-owned lands, such as state parks. The Legislature could also consider whether more funding should be spent in ways that better ensure protection of other state assets, such as highways and state buildings, or the watersheds that provide most of the water flows for the State Water Project.

**Provide Statutory Guidance to Inform Program Implementation, as Appropriate.** We recommend that the Legislature provide additional statutory guidance on the programs proposed for funding, as appropriate, through the adoption of budget trailer legislation. Some examples of specific statutory changes that would be merited include (1) adopting state requirements for regional priority plans, as well as requiring evaluation and reporting on the Regional Forest and Fire Capacity program, and (2) requiring CalFire to create a staffing plan aimed at ensuring that the department’s defensible space staff are allocated in a way that enables it to meet its goal of inspecting every parcel at least once every three years in all units.

**Defer Action Until Spring to Provide Time to Secure and Assess Additional Information.** We recommend that the Legislature defer action on the proposed package until the spring. This would provide additional time for the administration to provide information on the specifics of its proposals. Additionally, by the spring, more

information may be available on the pace of agencies' spending of funding provided in previous packages, as well as on the outcomes of this spending. In particular, the Legislature should have the administration's first required report on the early action and 2021-22 packages by April. Together, this information would help the Legislature determine whether it is comfortable with the administration's proposed approach and funding levels, or whether it would like to make modifications.

***Consider Potential Alternatives to Two-Year Funding Plan.*** Given the challenges with the administration's plan to allocate two years of funding as part of the 2022-23 budget, we recommend the Legislature consider other alternatives. For example, one alternative would be to allocate funding for only 2022-23 at this time. To the extent that the Legislature wants to provide funding for future years, it could set some amount aside in a designated fund to be allocated at a future date when additional information—such as on progress in spending the funding from prior

packages and the outcomes achieved—would be available to inform allocation decisions. Additionally, the Legislature could consider providing ongoing funding for certain programs for which there is a clear ongoing need for at least a certain funding level and relatively robust information on outcomes.

***Continue Oversight Activities and Require Continuation of Reporting.*** Given the importance of the programs involved and the level of spending proposed, we recommend that the Legislature continue to conduct oversight activities, such as legislative hearings, on the administration's implementation of the wildfire and forest resilience packages. This oversight will be important for holding the administration accountable for delivering results, learning what is effective to improve future implementation, and informing future spending decisions. To facilitate this continued oversight, we recommend that the Legislature extend the statutory reporting requirement for the early action and 2021-22 budget packages to the proposed package as well.

## LAO PUBLICATIONS

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This brief was prepared by Helen Kerstein, and reviewed by Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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