Opening Statement of Chairman Sheldon Whitehouse
Senate Committee on the Budget
"A Burning Issue: The Economic Costs of Wildfires"
March 8, 2023

Ranking Member Grassley, members of the committee, welcome. Last week, we examined the economic and budget consequences of sea level rise and ocean storms on our coastal communities. Today, we turn from coasts to upland, and look at the economic and budgetary impact of wildfires, which are being made worse by climate change.

Rhode Island is certainly not at ground zero for wildfire risk, but many of our committee members and millions of Americans are. Wildfires happen as far east as the Carolinas and Florida, and our West Coast has been hammered by them. Wildfires can be natural, but their recent frequency and intensity is very unnatural, and threatens homes, communities, and emergency responders across great swaths of America.

Nearly 50 million American homes are located in what's called the wildland–urban interface, where human habitation and forests converge. Every three years, we add 1 million more homes in these areas. Today, 71 million properties, out of 143 million, are at risk of wildfire.

You heard that right. Fully half of all properties in this country are at risk.

In addition to direct fire damage, debris from fires can damage local watersheds and water facilities, and wildfire smoke plumes far outside of the wildfire's destruction zone. Rhode Island sometimes has snow days for school-aged children, elsewhere kids now regularly experience smoke days. And then there's the carbon emissions. Emissions from California's 2020 wildfire season may have undone two decades of the state's emissions reductions. This illustrates the danger of climate feedback loops that can spiral out of control: more climate upheaval, more wildfires; more wildfires, more carbon emissions; more carbon emissions, more climate upheaval.

Mora County, New Mexico last year was consumed by the state's largest-ever wildfire. The wildfire was, in fact, two wildfires combined. The blaze generated 30,000-foot pyrocumulus clouds that are capable of generating their own weather.

The fire raged for four months, required more 2,000 firefighters, burned over 300,000 acres, and destroyed more than 900 structures before finally being contained. The area was also struck by intense rainfall and the bone-dry soil was unable to soak it up. So floods drove debris into local watersheds, damaging the region's water supply. Residents are still grappling with water scarcity.

Between 2017 and 2021, the number of U.S. acres burned by wildfires averaged 8 million. That is the size of Maryland. Thirty years earlier, from 1987-1991, the annual average was half of that.

The principal factors contributing to the growth of wildfires are climate change, expansion of the wildland-urban interface, and forest-management practices. According to the First Street Foundation, climate change drove nearly half of the growth in wildfire risk exposure since 1985.

First Street finds that estimated wildfire damages this decade could exceed $140 billion -- almost 6 times the average in the 1980s. One of our witnesses estimates that the wildfire insurance cost gap is $8.09 billion today and premiums may need to be 186% higher for higher risk homes. Who will be on the hook for these increasing costs?

We heard last week about the danger of a national coastal property values crash, as coastal homes become uninsurable, and therefore unmortgageable, so values plummet. A similar dynamic can transpire around wildfire risk. If you can't insure your house, then the next buyer can't get a mortgage on it. In a world where one can only sell to all-cash buyers, your property value collapses.

The federal government budget is usually hit after a disaster strikes through emergency and disaster relief programs. The federal government also handles fire prevention on nearly 600 million acres managed by the Forest Service and the Interior Department. Wildfire management appropriations for those agencies doubled from FY 2011 to 2020, yet it wasn't enough. Supplemental appropriations were needed in 7 of those 10 years. The federal government then spends more, after wildfires, on agricultural assistance and health care (due to air pollution exposure), and loses federal timber sale revenues. All told, wildfires — in seasons and areas much increased by climate change — are one more way in which the many costs of fossil fuel emissions hit our federal budget.

To my Republican friends concerned about debt and deficits: please join me in finding ways to reduce planet-warming carbon pollution at home and abroad. The steadily increasing toll of climate costs on our budget, and the looming prospect of systemic economic failures perhaps worse than the 2008 mortgage meltdown, make addressing carbon pollution the only reasonable and prudent budgetary course.