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Senate Committee on Emergency Management and the Senate Committee on Natural Resources and Water

Joint Informational Hearing

Wednesday, May 13, 2026, 9:30 am

1021 O Street, Room 2100

Wildfire Mitigation, Resilience Financing, and Recovery

Background brief

Abstract

Increasing risk of wildfire, driven by the impacts of climate change on the state and historic fire suppression practices, has resulted in unsustainable conditions in the state. Many property owners cannot obtain wildfire insurance, except through the state's "insurer-of-last-resort" FAIR plan at high rates; the utilities' efforts to reduce wildfire risk and address wildfire-related liabilities produce rising and increasingly unaffordable rates; and, despite significant recent investments in wildfire prevention by the state, maintaining and increasing wildfire mitigation efforts are required. SB 254 (Becker, Chapter 119, Statutes of 2025) directed the California Earthquake Authority (CEA) to prepare a natural catastrophe resiliency study "that evaluates and sets forth recommendations or new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, including catastrophic wildfires, earthquakes, and other natural disasters, across stakeholders, including insurers, communities, homeowners, landowners, governments, electrical corporations, and local publicly owned electric utilities, to complement or replace the [Wildfire] Fund." Several of the recommended pathways, strategies, and

options in the SB 254 report focus on achieving sustainable wildfire mitigation, resilience financing, and recovery.

Wildfires in California

Catastrophic wildfires have increased in California in recent years. This increase is attributed to multiple factors, including the rising temperature and drought impacts of climate change, historic fire suppression practices that have resulted in forest and wildlands with an abundance of fuel, and development in areas of the state with high natural propensity for wildfire. According to the California Department of Forestry and Fire Protection (CAL FIRE), 15 of the 20 most destructive wildfires in state history have occurred in the last decade. The 2020 August Complex Fire in Northern California – the largest fire in California's modern history – burned over one million acres, while the 2021 Dixie Fire burned almost one million acres. Two wildland fires in recent years burned over the crest of the Sierras, which had not been previously observed. In the last several years, tens of thousands of structures – mostly homes – have been destroyed from wildland fire, insured losses incurred are in the billions of dollars, prime habitat has been destroyed or damaged, and, tragically, hundreds of lives have been lost. Most recently, the Palisades and Eaton Fires in Los Angeles in January 2025 resulted in the loss of approximately 16,250 structures, and 31 deaths. Insured losses from the Palisades and Eaton fires are estimated to be almost $40 billion, with total economic losses estimated at $53 billion.

While wildfire is a natural phenomenon in the state, the changing climate, continuing development in the Wildland-Urban Interface (WUI), and poor forest and wildland vegetation management practices in the last century have resulted in more extreme wildland fire behavior. In some forests, the current tree density is up to an order of magnitude greater than the density a century ago, which increases the likelihood of damaging high-intensity fire when it burns. Further, the proliferation of new homes in the WUI magnify the threat and place substantially more people and property at risk than in preceding decades. Recent fire hazard severity zone mapping by CAL FIRE for the local responsibility area put about four million homes in a high or very high fire hazard severity zone. Addressing the risks of wildfire to the state go beyond improving the pace and scale of vegetation management and include reducing the risk of structure ignition. Unfortunately, of the approximately one-third of the state's housing stock in the WUI, almost 90 percent were built prior to the adoption of modern fire-resistant building code standards in 2008.

SB 254 (Becker, Chapter 119, Statutes of 2025)

While the Legislature and state have taken multiple steps in the last decade to address wildfire risk – such as the creation of the California Wildfire Fund and directing the Wildfire and Forest Resilience Task Force to develop and coordinate implementation of

an action plan containing almost 100 goals and strategies – it became clear that additional efforts are required to address the challenge posed by wildfire, and other natural catastrophes, to the state. In order to assess different approaches, SB 254 directed the CEA, the administrator of the California Wildfire Fund, to prepare a comprehensive resiliency study (SB 254 report) evaluating new models and approaches to mitigate damage, accelerate recovery, support wildfire mitigation and community resilience, stabilize the insurance market, and ensure utilities remain financially capable of providing safe and reliable service. Additionally, the study was intended to assess how the burden of catastrophic wildfire costs could be allocated more equitably among stakeholders while maintaining accountability for wildfire safety.

The SB 254 report includes three pathways to catastrophe recovery. These are:

Pathway 1 – Commit to Community Wildfire Risk Reduction
Pathway 2 – Equitably Allocate Catastrophe Burdens
Pathway 3 – State Roles for Addressing Catastrophe Resiliency

Relevant to the jurisdiction of the Senate Committees on Emergency Management and Natural Resources and Water are some of the strategies and options provided by the CEA under Pathways 1 and 3 focused on wildfire mitigation and resiliency.[1] The strategies relevant to this hearing include:

Strategy 1.1: Enhance the Statewide Approach to Driving Targeted Community Wildfire Risk Reduction
Strategy 1.2: Stimulate Community and Home Level Commitment and Shared Responsibility for Wildfire Risk Reduction and Community Resiliency
Strategy 3.2: Statewide Funding for Community Wildfire Mitigation

In the SB 254 report, the CEA emphasizes the high cost of doing nothing to address the challenges natural catastrophes pose to the state.

Wildfire Mitigation

In presenting Strategy 1.1, the CEA notes that effective risk reduction requires "a holistic and integrated approach across both the natural and built environments to maximize risk reduction." They note that community and home hardening can be "particularly challenging" because of its reliance on often voluntary actions undertaken by multiple different entities, such as homeowners, businesses, landowners, and state

[1] This hearing is one of three complementary hearings presenting the SB 254 report by Senate Committees. The hearings held by the Senate Committee on Energy, Utilities, and Communications, and the Senate Committee on Insurance cover elements of the SB 254 report within their respective jurisdictions.

and local government. While there are existing statewide targets for vegetation management, including prescribed fire, and defensible space inspections, the CEA recommends establishing clear statewide and regional targets for community- and landscape-scale mitigation.

In addressing Strategy 1.2, the SB 254 report notes on page 51 that enabling California communities to more collectively undertake wildfire risk mitigation shifts the financial and logistical burden from the individual homeowner to the collective community with a neighborhood-wide or block-level strategy that maximizes and builds upon the protective effect of home hardening and defensible space. California currently supports community mitigation planning and implementation through programs like CAL FIRE's Wildfire County Coordinator Program, which partners with the California Fire Safe Council to build local capacity for wildfire mitigation.

Additionally, the state links funding, such as block grants, to incentivize coordinated regional and local planning that optimizes mitigation projects based on community risk and highest need; develops pre-qualified contactor networks for local governments to utilize; reviews existing mitigation programs for effectiveness and scaling impacts; and formalizes wildfire resilience and risk reduction job classifications in the California Labor Code.

Taken together, the SB 254 report notes that measures focusing on proactive community-centered wildfire mitigation-at-scale can be a powerful economic driver that can lower per property costs and address "the neighbor factor," where one unmitigated property can endanger an entire block.

However, the SB 254 report also observes in addressing Strategy 1.1 on page 47 that more statewide leadership and funding is needed to continue to invest in, develop, and deploy world-class data, forecasting and assessment tools that can help communities, businesses and the state better manage fire risk and inform strategic prioritization of mitigation funding.

Disaster Recovery

In discussing Strategy 1.2, the SB 254 report states on page 54 that recovery from a large-scale disaster requires a "whole of society" approach. The state's lead disaster response and recovery agency, the California Office of Emergency Services (Cal OES), developed the California Disaster Recovery Framework (CDRF) to recognize the increased scale and impact of natural disasters affecting California's communities. The CDRF provides the institutional structure across state government to ensure coordinated delivery of state and federal disaster assistance and support to impacted communities through the Interagency Recovery Coordination program and its six Recovery Support Functions, each of which is led by a state coordinating agency that

works with Cal OES to provide state support to local jurisdictions based on their disaster recovery needs.

The SB 254 report notes that unlike other federal or state emergency management principles, such as hazard mitigation or emergency operations planning, there are no mandates for local entities to prepare pre-disaster recovery plans. Additionally, funds or other incentives for these pre-disaster plans are limited. The report further finds that, prior to a disaster, California localities can benefit from creating a local disaster recovery framework to pre-identify community recovery priorities and partnerships, and creating a plan for post-disaster recovery with expedited decision-making processes and key staff roles and responsibilities. The upfront costs to doing so could be offset by strengthened community cohesion, reduced displacement, and accelerated physical and economic recovery.

Funding

The CEA's analysis prompting Strategy 3.2 indicates that statewide coordination and targeting to prioritize mitigation in the highest risk communities can yield risk reduction "more than double" that of an uncoordinated approach. They write that targeted community-centered mitigation is therefore more cost-efficient, although note that most current funding is one-time or of limited duration from public funding sources and is insufficient to cover the necessary mitigation on a sustainable long-term basis.

The Cost of Inaction

In the SB 254 report, the CEA includes an entire chapter highlighting the costs of inaction. These include risks from wildfire accruing faster than they are being reduced by mitigation resulting in the likelihood of increasing catastrophic wildfires. As in other circumstances involving natural catastrophes, upfront prevention and preparedness and investment in resiliency is cost-effective and helps to "bend the curve" of wildfire risk downward[2] for the state and its residents.

[2] The SB 254 report, page 87.