



Ecosystem Workforce Program

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THE ECONOMIC EFFECTS OF LARGE FIRES: MAIN FINDINGS

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Large wildfires disrupt the lives of families, workers, and employers. However, fire suppression and recovery efforts may provide economic opportunities. Unlike with other natural hazards, there has been little research about how wildfires affect local economies. The purpose of this Joint Fire Science Program-funded project was to analyze the effects of large wildfires on labor markets and examine how fire suppression spending may mediate these effects.

Approach

First, we conducted an in-depth case study of the community economic impacts of wildfires in Trinity County, California in 2008. Second, using Bureau of Labor Statistics data, we compared the labor market trends in western US counties from 2004 to 2008 to identify differences between counties that experienced wildfires where the Forest Service spent more than \$1 million (n=150) and counties that did not experience large wildfires (n=264). Third, we analyzed fire suppression financial transactions to identify where and how fire suppression funds were spent.

Key findings

- Generally, local employment and wages in a county increase during large wildfires; labor market disruptions from large wildfires are outweighed by the employment that the suppression effort creates in the short-term.
- Large wildfires lead to longer-term instability in local labor markets by amplifying seasonal variation in employment over the subsequent year (Figure 1). This is particularly true in sectors such as tourism and natural resources.
- Local capture of suppression spending is important because it helps mediate labor market

impacts. For every \$1 million spent in the county, local employment increases 1 percent during the quarter of the fire.

- On average, the Forest Service spent 9 percent of wildfire suppression funding in the county where the fires occurred. Amounts of local spending varied from zero to 39 percent.
- Contracts for suppression and support services are a central avenue for local capture. However, local business capacity appears to limit the ability of rural and resource-dependent counties to capture suppression contracts.
- Local business capacity for suppression work can be measured by the number of suppression-related vendors active in the county prior to the fire. Counties with more vendors capture more contract spending locally.
- Capture of fire suppression contracts is concentrated in a few areas in the West (Figure 2).

More information

Complete reports and briefing papers can be found on the EWP website at:

ewp.uoregon.edu/largefires/context.



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Figure 1 Percent change in average employment and per-worker wage growth rates during and after large wildfires

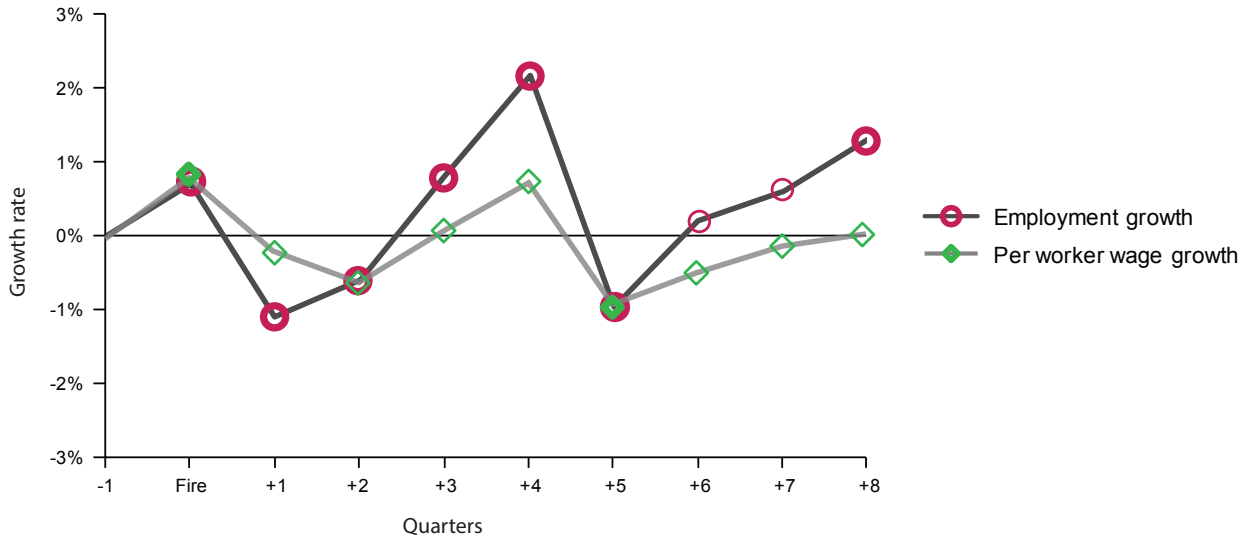
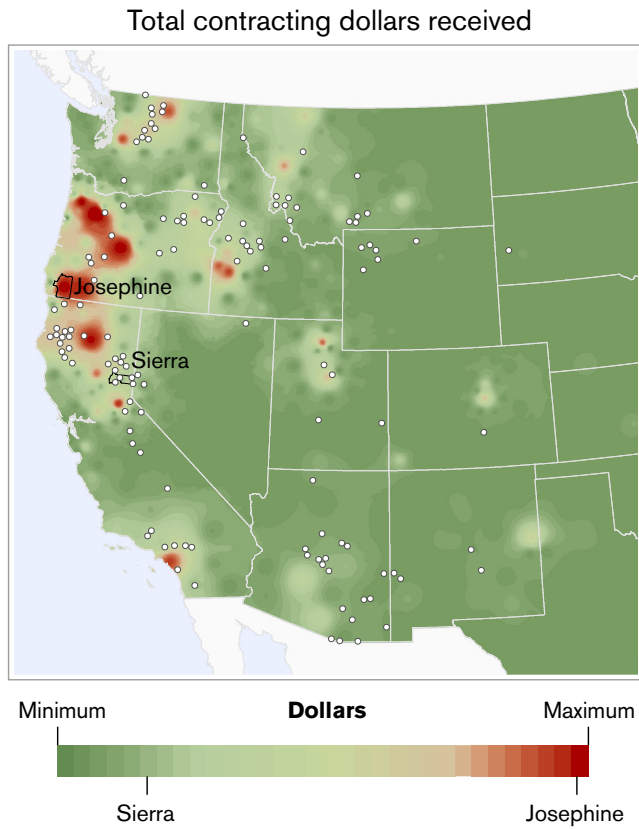


Figure 2 Distribution of contract expenditures relative to location of fires



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