WWIRC Statewide Funding Landscape Analysis
June 2026

This statewide funding analysis summarizes funding needs, current public and private funding sources, and funding opportunities to address wildfire risk reduction and watershed resilience. This brief was prepared by the **Wildfire and Watershed Initiative for Resilient Colorado (WWIRC),** which advances statewide sustainable public-private funding strategies to enhance the pace and scale of wildfire risk reduction and watershed resilience (www.wwirc-wildfire.org).

What's at Stake

Colorado's forests are essential to our public safety, water supply, infrastructure, rural communities, and outdoor recreation economy.

- **More than half of Coloradans** now live in areas where forest health directly affects community safety and water security.[1]
- **Up to 80 percent of Colorado residents** rely on forested watersheds for their municipal water supplies.[2]
- Colorado's **outdoor recreation economy generates $65.8 billion annually.[3]**

Catastrophic wildfires pose a growing risk to Colorado. Forest and watershed resilience investments—including landscape-scale treatments, fuel breaks, and riparian and floodplain improvements—support risk reduction, improve response and recovery outcomes, and help protect the critical social, economic, and ecological values supported by our forests.

Statewide Funding Need

- **Approximately 10% of Colorado's 24 million acres of forest need urgent attention** to address critical issues of wildfire risk, watershed protection, and forest health, with an estimated cost of **$4.2 billion in treatments needed.[4]**
- **$150 million to $200 million per year over the next 25-30 years is needed to address forest and watershed treatment needs for the top 10% of priority acres**.[5]

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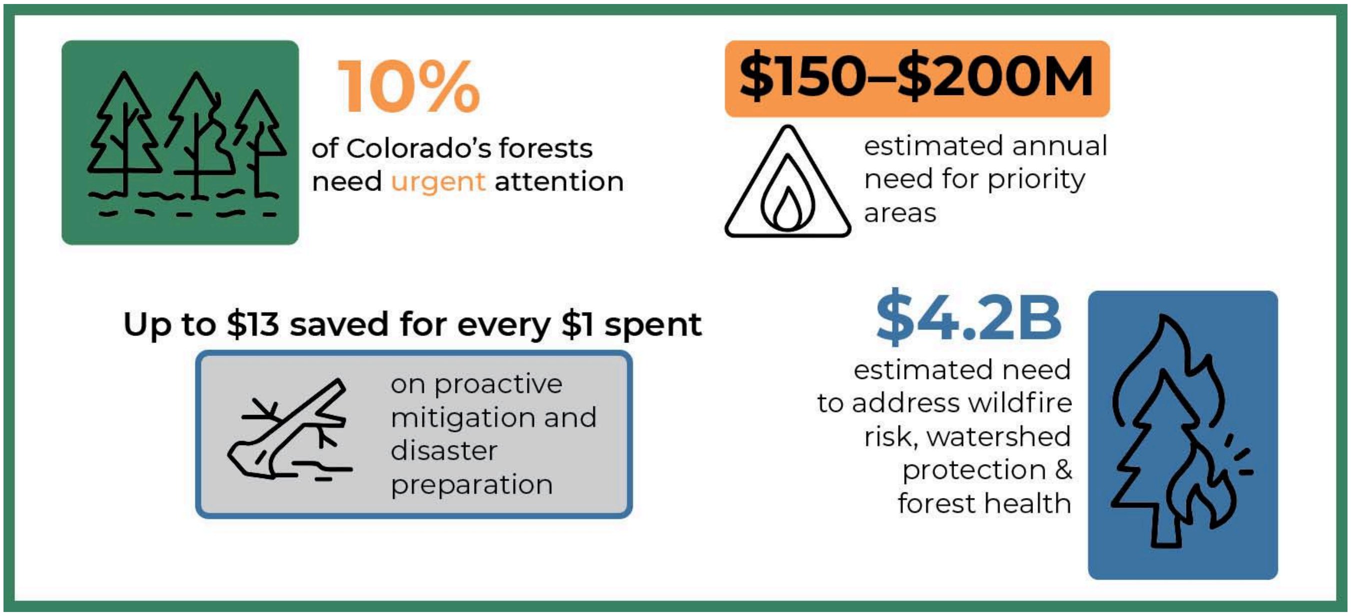
[1] Colorado Forest Action Plan (CSFS, 2020)
[2] Colorado Forest Health Issues Report (CSFS, 2023)
[3] Statewide Comprehensive Outdoor Recreation Plan (SCORP) (Colorado Parks and Wildlife, 2023)
[4] Colorado Forest Action Plan (Colorado State Forest Service (CSFS), 2020). The estimate was based on a robust geospatial analysis of the wildland urban interface, critical water infrastructure and drinking water assets, post-wildfire erosion potential, fire intensity, and insect and disease threats. It is a snapshot in time and will be updated with the 2030 Colorado Forest Action Plan.
[5] This estimate is from the Colorado State Forester, and factors in increased treatment costs (e.g., cost per acre) compared to the 2020 estimate. This range accounts for the year-by-year inflation-adjusted cost of the original $4.2 billion total need projected by the Forest Plan in 2020, based on U.S. Consumer Price Index (CPI) data and projections ($4.2 billion in 2020 is $5.18 billion in 2025).



- The $200m annual need for forest treatments is one component of a broader set of strategies outlined in the Colorado Forest Action Plan, Colorado's 2055 Vision for Forest Health, and the National Cohesive Wildland Fire Strategy.
  - Forest treatments should be pursued alongside interconnected needs and strategies for community planning, structure hardening, and other built environment adaptation strategies - the costs for which are not included in the $200m annual estimate.
  - Forest treatments can help improve both response and recovery in natural and built environments.
- **Proactive mitigation** provides a return on investment through avoided response and recovery costs.
  - Forest and watershed treatments return up to **$7 for every $1 invested**[6]
  - When considering the broader economic and workforce impacts of resilience investments, total benefits can be significantly higher, up to **$13 per $1** invested.[7]
- **Forest and watershed treatment needs span both public and private lands.** Of the 10% of highest priority forested acres identified in the 2020 Colorado Forest Action Plan:
  - 58% are Federal
  - 2% are State
  - 40% are Other (Tribal, Local, NGO/Land Trust, Private Conservation, Private)

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[6] Return on investments in restoration and fuel treatments in frequent-fire forests of the American west: A meta-analysis. (Hjerpe, et al., 2024)

[7] The Preparedness Payoff: The Economic Benefits of Investing in Climate Resilience (U.S. Chamber of Commerce, Allstate, and the U.S. Chamber of Commerce Foundation, 2024)

Current & Future Funding Opportunities

Current investments in Colorado wildfire resilience and forest and watershed health are meaningful but remain well below the estimated need of up to $200 million annually. Closing the funding gap will require a coordinated portfolio of solutions: sustaining and expanding state funding (including new revenue mechanisms), sustaining and leveraging federal investment, growing local funding initiatives, and mobilizing utility investments, private capital, and the forest restoration economy.

State funding has been delivered through grant programs including the Colorado Strategic Wildfire Action Program (COSWAP), Healthy Forests–Vibrant Communities (HFVC), Forest Restoration and Wildfire Risk Mitigation (FRWRM), and Wildfire Ready Watersheds (WRW), totaling roughly $20–25 million annually. Demand far exceeds available funding, highlighting a clear opportunity to expand and better align these programs. Additional opportunities include the use of state revolving funds, voter-approved tax retention and use, and tax credits and incentives. Increased and more flexible state investment could provide a reliable foundation to unlock additional federal, local, and private dollars.

Federal funding has provided critical support in recent years, including approximately $26.3 million in FY2025 through the Community Wildfire Defense Grant Program, $2.6 million in FY2025 through Joint Chiefs' Landscape Restoration Partnership projects, and roughly $6 million in FY2024 through the Collaborative Forest Landscape Restoration Program, alongside larger multi-year investments such as $170.4 million through the Wildfire Crisis Strategy (2022–2024). Additional opportunities may be available through programs supporting economic development, workforce development, infrastructure, and innovation, as well as through federal loans, loan guarantees, and tax incentives that can help advance resilience investments. Federal funding is often reimbursement-based, requires matching funds, and may decline in future years—making strong state and local capacity essential to fully leverage available resources.

Local governments and utilities are increasingly developing funding pathways to protect communities, watersheds, and infrastructure. Examples include general obligation bonds and voter-approved county and municipal measures such as property, sales, and use taxes, as well as tax-retention initiatives. These mechanisms have generated millions of dollars for local wildfire and watershed resilience efforts. Additional funding opportunities include special districts, such as conservation and water districts, and potential future forest improvement districts. Water and energy utilities can also support resilience investments through grants, rate- and fee-based funding, and access to financing tools such as state revolving funds. While insufficient to meet statewide needs on their own, these sources provide critical local investment and can help leverage state and federal funding, private capital, and public-private partnerships as part of a broader funding strategy.

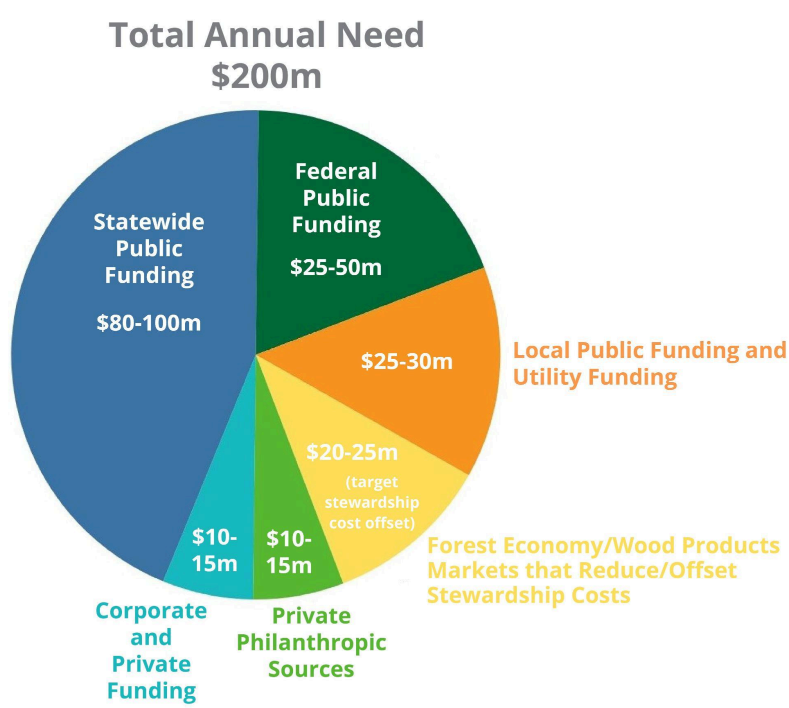
Private-sector philanthropic and corporate support for wildfire and watershed resilience includes direct philanthropy and grantmaking from businesses, individuals, and foundations, as well as pooled funding vehicles such as the statewide RESTORE program and local community foundations. Emerging financing mechanisms, including Forest Resilience Bonds and related approaches, offer opportunities to align investments from beneficiaries of resilience projects and leverage diverse funding and repayment sources to support large-scale forest and watershed treatments. Insurance markets may also play a growing role by incentivizing wildfire risk reduction and resilience measures, including home hardening, defensible space, and broader community-scale efforts that reduce wildfire risk. While insufficient to meet statewide needs on their own, private sources provide critical investment and can help leverage and catalyze public funding.

A strong **forest restoration economy** is key to closing the funding gap. Expanding markets and innovation for small diameter and residual wood; investing in processing infrastructure, transportation hubs, and workforce; and unlocking market-based resilience investment frameworks can all reduce treatment costs while creating rural economic opportunities. By offsetting stewardship costs and improving project feasibility, a viable wood products sector can help scale the pace and sustainability of restoration efforts.

Finally, regardless of the source, funding availability alone is not sufficient. Improving **access to funding**—through technical assistance, flexible match structures, and streamlined delivery—will be key to scaling implementation, as will strengthening **workforce capacity**, addressing **permitting and policy** barriers, and sustaining **local capacity** to identify, prioritize, socialize, and implement projects.

Funding Pathway to $200m Annually

WWIRC envisions addressing the $200 million annual need for forest and watershed treatments through a mix of existing, expanded, and new public and private funding, alongside market-based offsets and reductions to treatment costs. The below table provides a sample pathway illustrating ranges of target annual investments in various funding categories. While ambitious, this investment reflects the scale and urgency of the challenge and the need for sustained, reliable funding for wildfire resilience.



For more information or to get involved, visit www.wwirc-wildfire.org
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