

Update on Federal Disaster Reform: Efforts to "Rebalance" FEMA's Role

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Though there is continuing debate on the underlying cause(s), data clearly supports that natural disasters are occurring with increasing frequency and at a greater cost to the American public (whether personally or through the expenditure of tax dollars). It is also clear that the current administration is fully engaged in rapidly cutting costs across the federal government with no exceptions, even for disaster response and recovery. The disaster recovery industry has come to expect significant reforms following federally declared major disasters and/or changes to the administration, and historically, this has included large statutory reform packages aimed at the federal funding programs administered by the Federal Emergency Management Agency (FEMA), including primarily its Public Assistance and Individual Assistance programs. However, we are now seeing substantial changes proposed and implemented through Executive Orders and other direct Presidential actions and executive engagements. The latest round of proposed changes comes just shy of 30 days before the start of the Atlantic hurricane season and brings a heightened level of uncertainty, especially to state, local, tribal, and territorial (SLTT) partners most vulnerable to these events.

What we can be certain about this hurricane season is a significant shift from federal response to state and local responsibility. The recently released FEMA Memorandum, *Actions to Rebalance FEMA's Role in Disasters*, confirms such, and follows an Executive Order signed last month by the President, *Achieving Efficiency Through State and Local Preparedness*.

April 12, 2025, Memo - Actions to Rebalance FEMA's Role in Disasters

Recently, the Senior Official Performing the Duties of FEMA Administrator, [Cameron Hamilton](#), submitted multiple proposed "Actions to Rebalance FEMA's Role in Disasters" to the associate director for Homeland Security at the Office of Management and Budget (OMB).

The proposed actions, submitted in the form of an April 12, 2025, Memo include significant "short-term actions to rebalance FEMA's role in disasters" proposed to take effect "before the start of the 2025 hurricane season" or by June 1, 2025, – **barely 30 days from the date of this Alert**. Further, though the Memo is marked as being a "draft" and "pre-decisional," many of the proposed actions seem to have been implemented as part of the administration's consideration of recent major disaster declaration requests. In terms of substance, the April 12, 2025, Memo organizes the proposed actions into three buckets: things that are short-term and can be implemented immediately; additional short-term actions underway; and medium-term and long-term concepts that are acknowledged as potentially requiring regulatory or statutory action to implement.

Proposed Short-Term Actions

There are significant reforms proposed in the April 12, 2025, Memo that, according to Acting Administrator Hamilton, are proposed by FEMA to OMB as capable of implementation immediately through concurrence and action from the President. This includes:

- **Immediate Increase to Public Assistance Program Declaration Threshold**, to a per capita indicator of \$7.56, four times the level it was set [just a few months ago](#). Major disasters are declared

pursuant to Section 401 of the Stafford Act and based on consideration of several factors included in regulations at 44 CFR § 206.48. One such factor is a comparison of the cost of the disaster's impact to the state's ability to handle the event, a metric that is typically calculated by multiplying the per capita indicator by the state's population. The Memo indicates the proposed increase is an action "the President can take immediately and would serve as a precursor to regulations that permanently adjust declaration thresholds to better reflect economic conditions." This action will restrict federal disaster declarations to only the catastrophic and is expected to have an especially significant impact on communities in states with lower budgets, recurring events, or a large disparity in distribution of population (the per capita indicator is applied to the state population and is not regional or community-specific). The sudden and drastic increase in the declaration threshold is also coming at a time when many SLTTs are already on high alert and have already enacted budgets exclusive of funding to shoulder what could be a significantly increased burden.

As of the data of this Alert, there are 13 major disaster declarations pending FEMA's review and the President's approval, from 12 different states and one Tribal Nation. Recent denials indicate the heightened thresholds may have taken effect weeks ago. This is despite FEMA's recognition in the Memo that the increased per capita threshold may not be universally applicable and that things like repetitive disaster costs need to be taken into consideration. FEMA indeed proposes a different calculation of the threshold in the Memo, based on consideration of each state's most recent total taxable resources, so it would seem any threshold change should be held until there is more time to consider the options, and for SLTTs to properly plan for the same.

- **Restriction on Funding for the Hazard Mitigation Grant Program**, despite consistent research that supports mitigation as a prudent use of funds, the Memo proposes to discontinue "automatic" approval of this funding as a side-car to declared major disaster events. This comes just a few weeks after FEMA also [announced](#) the sudden cancellation of the Building Resilient Infrastructure and Communities (BRIC) program.
- **Cease Increased Federal Cost Share Funding**, even on major disaster events that would have warranted it under the current regulations, found at 44 CFR § 206.47.
- **Limit Funding for Recreational Facilities**, to only those critical for life and property preservation or protection. FEMA would propose continued funding for ports, harbors, mass transit facilities, and athletic facilities associated with an eligible educational facility. However, FEMA would end funding for others, including beaches, boat docks/ramps/piers, fish hatcheries, golf courses, and parks/bath houses/pools/playground equipment and athletic facilities not associated with an eligible educational facility/applicant. This change to the type of facilities eligible for Public Assistance funding will have a major impact, especially for coastal states/communities, and again, especially in light of this proposed change coming just before hurricane season, when these entities are most heavily impacted. The Memo states that this change only requires "Presidential concurrence to expressly exclude recreational facilities eligible under Category G when issuing a major disaster declaration," while "regulatory options are considered to permanently reduce the costs of disaster declarations."
- **Deny Major Disaster Declarations for Snowstorms**, which is referenced in the Memo as "an action the President can take immediately" to "help reduce the number and costs of disasters as we enter winter 2025." While "snowstorm" is specifically included within Congress's definition of "major disaster" in the Stafford Act, the declaration process included in Section 401 does leave significant discretion to the President, making this a difficult change to accept, but perhaps more difficult to fight on the administrative front.

Establishment of FEMA Review Council

Shortly after taking office, President Trump issued [Executive Order 14180](#), which established a FEMA Review Council to assess the Agency's historical efficacy, its role in state disaster aid, and potential reforms, with a one-year mandate. The FEMA Review Council was to have not more than 20 members, including the Secretary of Homeland Security and the Secretary of Defense as co-chairs. Many in the disaster recovery and emergency management industry welcomed the establishment of the Council as a formalized vehicle to conduct outreach, seek input from impacted state and local leaders and private stakeholders, and work collaboratively to develop and propose needed reforms to support a more effective and efficient FEMA. A [Charter was released by the Department of Homeland Security](#), and a [Request for Public Input on Experiences With FEMA Disaster Responses](#) was issued in the Federal Register on March 26, 2025, with a comment deadline of **May 15**.

On April 28, 2025, shortly after the first public meeting was to have occurred, the President appointed 11 additional members to the Council, and it is expected that work will now begin. Pursuant to the Executive Order that established the Review Council, the Council's report is due to the President within 180 days of the date of the Council's first public meeting. The appointed Council has federal, state, and local representation, as well as private sector involvement.

Additional Reforms Coming

In addition to the reforms eventually proposed by the FEMA Review Council, the April 12, 2025, Memo includes mention of many additional developing reforms and objectives to decrease FEMA's role in disasters and shift the majority of this responsibility to the states and local communities impacted by such events.

The Memo includes the following as additional **Short-Term Actions Underway** that are being done via FEMA policy, signaling possible issuance of additional formal policy guidance on these issues over the next few weeks:

- Modify Individual Assistance (IA) Declaration criteria to refine secondary factors, including greater emphasis on concentrated damage. This will serve as a precursor to permanently adjusting IA thresholds;
- Encourage survivors to register for IA only if they have uninsured losses instead of the current strategy to encourage all disaster survivors, regardless of insurance status, to register for IA;
- Adjust FEMA door-to-door canvassing to limited, state-led activities and outreach;
- Reduce federal presence for small, Public Assistance (PA) disasters (e.g., not require field offices, could be state-led); and
- Rescind [the policy](#) that increases the federal cost share for states that conduct mitigation projects.

The Memo also includes medium-term (6 –12 month) and long-term (1 – 3 year) program adjustments aimed at further reforming FEMA's role. These are focused on the three key outcomes below:

- Reducing the number and costs of disaster declarations;
- Concentrating federal response and recovery on large-scale disasters; and
- Focusing on areas to improve services to disaster survivors and communities.

These additional program reforms are noted as requiring varying levels of additional work to support implementation, including additional regulatory, statutory, and policy-level changes. While FEMA includes several laudable reforms in this section, like increased mentoring and technical assistance for SLTT staff and modernizing technology, many of the same changes noted above as being implemented immediately are also included here - which begs the question as to why and how some of the same reforms are being so hastily implemented just prior to the start of hurricane season without the same level of coordination.

Finally, the Memo ends by noting there are other "opportunities for reform," including the National Flood Insurance Program, state and local capacity building, training and education, and other unnamed grant programs, in order to "significantly rebalance federal and state roles in emergency management."

We are closely monitoring the continued changes to FEMA and its policies, as well as the much anticipated work of the FEMA Review Council, and stand ready to provide any support needed based on our over 130 collective years' experience with FEMA and its programs. For more information or to discuss the anticipated reforms and how you may be able to best prepare, please contact [Wendy Huff Ellard](#), [Danielle Aymond](#), or any member of [Baker Donelson's Disaster Recovery and Government Services team](#).