AMERICAN PUBLIC POWER ASSOCIATION
Powering Strong Communities

ISSUE BRIEF January 2026

Disaster Recovery, Hazard Mitigation, And the Stafford Act

- The American Public Power Association (APPA) supports H.R. 4669, the Fixing Emergency Management for Americans (FEMA) Act of 2025, which would strengthen and reform the Federal Emergency Management Agency (FEMA). APPA strongly encourages its passage by the House of Representatives and introduction and passage in the Senate.
- APPA also supports H.R. 2836, the FEMA Loan Interest Relief Act, which would require FEMA to pay interest to public power utilities that take out loans to cover costs that are eventually repaid by FEMA. The provisions of H.R. 2836 are also included in H.R. 4669.
- APPA supports H.R. 164, the Promoting Opportunities to Widen Electrical Resilience Act of 2024 (POWER Act), which would allow cost-effective hazard mitigation activities as part of power restoration. The provisions of H.R. 164 are also included in H.R. 4669.
- APPA strongly opposes FEMA's rule to allow itself to pause the three-year limit on attempts to "claw back" public assistance payments to public power utilities.

Background

The federal government provides assistance to state and local governments for major disasters or emergencies that disrupt the normal functioning of governments and communities. This public assistance is primarily provided and overseen by FEMA under authorization of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act)(P.L. 93- 288, as amended). The Stafford Act also authorizes FEMA to assist in planning for disasters and emergencies and for disaster mitigation planning, design, and investments. Categories of assistance that public power utilities generally receive include debris removal, emergency protective measures, and utility restoration and reconstruction. Public power utilities also receive assistance in planning and design for hazard mitigation and in making disaster mitigation investments.

In some instances, FEMA will decide that public assistance was not appropriate after payment has already been made. In those instances, it can seek to recover (or "deobligate") such payments either directly or through an administrative offset of future federal payments. Deobligation can result because FEMA has discovered that the type of project is not appropriate, that the payment was duplicative, or quite often, because the recipient failed to follow the *Federal Acquisitions Regulation,* a 1,917-page document of rules for making purchases with assistance funds. In fact, the Department of Homeland Security's Office of Inspector General has said that if procurement requirements are not followed, FEMA can and should seek deobligation "even if costs were otherwise reasonable, and the grantee or sub-grantee otherwise accomplished the purpose of the grant" (OIG-16-126-D, Sept. 2, 2016).

Current policies also make it challenging to use FEMA public assistance funds for hazard mitigation as part of, or after, disaster strikes. First, hazard mitigation funds must be approved up front by FEMA, and generally, FEMA will not provide such funds for equipment that has already been restored to working order. As a result, a utility is often faced with the untenable choice of waiting for approvals before restoring power.

More recently, President Donald Trump and Homeland Security Secretary Kristi Noem have said that FEMA should be eliminated. In January 2025, President Trump issued an executive order creating the FEMA Review Council, which is co-chaired by Secretary Noem and Defense Secretary Pete Hegseth. In March, the council issued a request for information asking for input on people's experience with FEMA. APPA submitted comments that were generally supportive of the role FEMA plays in disaster preparation, response, and recovery (particularly in the provision of public assistance) but also highlighted areas where improvement is needed. Release of a final report by the council had been scheduled for December 2025 but has been indefinitely postponed.

In April 2025, then acting FEMA Administrator Cameron Hamilton provided a memo to the Office of Management and Budget outlining steps to "rebalance" the federal role in disaster response by shifting operational and financial responsibility to state and local governments. The memorandum suggested amending the Stafford Act to reduce federal cost sharing percentages, reducing the types of facilities for which assistance is provided, and streamlining federal recovery programs. The memo also noted several steps President Trump could take unilaterally, including increasing the damage threshold for a major disaster designation from $1.89 per capita to $7.56 and not authorizing hazard mitigation payments along with public and individual assistance in the wake of a major disaster. Since then, the President has not authorized hazard mitigation funding for a single disaster. Additionally, the President is taking longer to make disaster designations and has shown signs of being more selective about disaster designations. For example, he granted disaster designations for Alaska, Nebraska, and North Dakota, while denying requests from Vermont, Illinois, and Maryland.

Such an abrupt shift in policy is problematic. It ignores the purpose of public assistance—helping communities that are overwhelmed by disaster. It also hinders disaster response and recovery; first by causing utilities to reconsider whether to invoke potentially live saving measures that might not be reimbursed, such as invoking mutual aid agreements to have crews pre-stage; and second, it might cause others to reconsider providing mutual aid because they might not be reimbursed. Both would delay disaster response and recovery, putting life and property at needless risk.

Congressional Action

In January 2025, the House of Representatives passed H.R. 164, the POWER Act, by a nearly unanimous vote (419-2). Sponsored by Representatives Val Hoyle (D-OR) and Mike Ezell (R-MS), the POWER Act would allow public power utilities to receive FEMA assistance for carrying out "cost-effective hazard mitigation activities" in combination with power restoration activities. It would also allow an electric utility that receives assistance for emergency power restoration to also receive subsequent hazard mitigation assistance for that equipment. APPA strongly supports the POWER Act.

In April 2025, Representatives Neal Dunn (R-FL) and Darren Soto (D-FL) introduced H.R. 2836, the FEMA Loan Interest Payment Relief Act, to reimburse public power utilities, other local governmental entities, and rural electric cooperatives for interest expenses on loans to cover costs that will eventually be repaid by FEMA. A similar version of the bill was approved by voice vote by the House of Representatives in December 2024.

In September 2025, the House Transportation & Infrastructure Committee passed by a 57-3 vote, H.R. 4669, the FEMA Act of 2025. The bill would establish FEMA as a cabinet-level agency and streamline the federal government's disaster response and recovery programs. Public assistance for permanent work would be paid based on project cost estimates, rather than as an after-the-fact reimbursement of expenses. In addition, the bill incorporates the provisions of H.R. 164 and H.R. 2836 (discussed above) and would require that reimbursement for emergency work and debris removal must be paid no later than "120 days after the applicant submits for reimbursement." The legislation would also allow state and local entities to use their own procurement methods for certain expenses reimbursed by FEMA, rather than being forced to comply with the *Federal Acquisition Regulation.* APPA strongly supports H.R. 4669.

APPA Contact

John Godfrey, Senior Government Relations Director, 202-467-2929 / jgodfrey@publicpower.org

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government and protect the interests of the more than 55 million people that public power utilities serve and the 100,000 people they employ.