ISSUE BRIEF June 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 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*, an over 1,800-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.

In May 2026, the FEMA Review Council, which was created by an executive order in January 2025, released a final report proposing substantial changes to how disasters are declared and public assistance is calculated. Among other changes, the report recommended:

- Changing the disaster declaration process by using a parametric model to make damage estimates for purposes of determining whether to declare a disaster; increasing the per capita threshold for declaring a disaster, and creating an annual state minimum disaster expenditure;
- Changing public assistance grants to shift from cost-based public assistance grants to block grants to states based on parametric model damage estimates;
- Reducing the federal cost share from a minimum of 75 percent to 50 percent;
- Requiring block grant funds to be allocated by the state within a year of distribution or risk losing the funds; and
- Restructuring FEMA over a two- to three-year period to shift responsibilities to state, local, and tribal entities, including training and implementation functions.

In comments on the final report, APPA said that it supports reforms that improve the speed and efficiency of disaster assistance, but those reforms should also preserve predictability, reflect operational realities, and ensure equitable access to funding to communities across the country. The comments noted, however, that when cost recovery becomes less certain, utilities may face greater difficulty making timely decisions before, during, and after a disaster. Thus, the comments emphasized that any reform effort should reduce uncertainty, not add to it.

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 legislation 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 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.

In April 2026, President Trump signed into law H.R. 7147, Homeland Security and Further Additional Continuing Appropriations Act, 2026, which effectively ratified several FEMA-related policy riders included in a "Joint Statement of Managers" regarding the House-Senate agreement on the substance of the bill. Among other provisions, the statement says that FEMA "shall maintain staffing levels, including a reservist workforce and its Cadre of Response/Recovery Employees, necessary to fulfill the missions required under the Homeland Security Act." It also states, in relation to the President's FEMA Review Council, that "FEMA shall not implement an elimination or reorganization plan for the Agency or any proposal to inhibit the performance of the Agency's functions and activities funded by this Act without an act of Congress permitting such measures."

The statement also demands that FEMA provide information on the status of hazard mitigation grants, including:

- The status of Building Resilient Infrastructure and Communities (BRIC) grants;
- The specific rationale used to cancel BRIC grants and the effect of those terminations; and
- The rational for disaster declarations and denials in 2025.

Similar provisions were included in a committee report accompanying the Homeland Security Appropriations bill for Fiscal Year 2027 approved by the House Appropriations Committee on June 12, 2026. APPA supports oversight of FEMA, including by the House and Senate Appropriations Committees.

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> 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.