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# How state and local agencies can enhance readiness for state-centric disaster recovery management

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The better the question. The better the answer. The better the world works.

As a state official, are you and your local agencies prepared for a state-centric disaster response, and do you have a recovery model?

### In brief:

- State and local governments rely heavily on federal disaster assistance.
- State and local agencies can improve their readiness with a state-centric disaster management model, to better prepare for reductions in federal aid.

Over the past decade, the increasing frequency and severity of disasters have resulted in persistently higher costs for disaster response and recovery. The damage caused by all major disasters over the last five years totaled over \$746 billion, 75% of the previous decade's total. Although state and local governments currently play a critical role in paying for disaster costs, they also rely extensively on assistance from federal agencies, such as the Federal Emergency Management Agency (FEMA), to prepare for and respond to major disasters.

Amid the rising costs of disaster aid, the president has signaled support for transitioning more disaster response functions to state and local governments. In January 2025, the president established a FEMA Review Council to assess FEMA's disaster response efforts and recommend improvements to the agency. Developments since that time indicate the federal government may be shifting away from traditional federal emergency management practices. State and local governments have widely reported stark reductions in grant funding and federal capacity throughout 2025. These trends suggest a long-term move toward a more state-centric disaster response and recovery model.

### Key challenges for local governments

Federal relief throughout 2025 was characterized as unpredictable due to new grant rules, reduced FEMA staffing and ongoing litigation. Changes in funding, capacity, grant rules and contracts caused disruption and uncertainty for emergency management agencies nationwide. Some challenges are listed below.

| Limited or delayed funding  | Reduction in FEMA capacity   | Changing grant rules   | Additional security   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>▪ Disaster declarations delayed or denied</li> <li>▪ Reduction or cancellations in grant programs</li> <li>▪ Suspension of nonessential recovery projects</li> <li>▪ Updates to funding thresholds</li> <li>▪ Adjustments to FEMA's Public Assistance (PA) criteria</li> </ul> | <ul style="list-style-type: none"> <li>▪ Federal staffing cuts of FEMA employees</li> <li>▪ Additional plans for reduction in force and restructuring</li> <li>▪ Bottlenecks in application awards over \$100,000</li> </ul> | <ul style="list-style-type: none"> <li>▪ New eligibility and grant rules for select programs</li> <li>▪ Shorter periods of performance</li> <li>▪ Reduction in floodplain management requirements</li> </ul> | <ul style="list-style-type: none"> <li>▪ Enhanced approval levels</li> <li>▪ Additional scrutiny of projects</li> </ul> |

## Actions state and local governments can take now

While the Trump Administration and FEMA Review Council are still assessing the future role of federal emergency management, state and local governments should be aware of emerging themes and begin considering the potential implications for local operations. Preparedness in this environment means thinking further upstream, planning for contingencies, and communicating with communities and organizations before the next event arrives or the weather begins to turn.

State and local disaster response capabilities vary widely across the country, even within states at the local level. State agencies will benefit from assessing their current operational, financial, and administrative capabilities to confirm local governments can continue to meet their disaster response and recovery goals, especially if federal aid is reduced. Inaction expands inherent threats communities face during and after disaster events and increases the probability that local resources may become quickly overwhelmed, requiring supplemental funds for debris removal, emergency services, and rebuilding infrastructure like roads and public buildings.

States should conduct comprehensive assessments of preparedness and response capabilities to target gaps and identify improvements needed. Listed below are steps states should take to prepare.

### Improving operational readiness

- Assess capabilities and capacity for:
  - Debris removal and infrastructure
  - Transportation
  - Health/safety
  - Operational coordination
  - Logistics and supply chain management
  - Grant management and funds disbursement
- Review and update emergency plans
- Establish surge and recovery alliances
- Build community preparedness and resilience

### Building financial capacity and proactive budgeting

- Review state-level budget and funding sources
- Establish or update state-sourced funding strategy
- Develop contingency plans for federal grants
- Enhance process for grant appropriation triggers
- Develop fraud, waste, abuse compliance and monitoring framework

### Strengthening administrative functions

- Review staffing structure and responsibilities
- Review and update policies, procedures and systems
- Assess grant delivery capacity and systems
- Increase preparedness training and exercises
- Improve awareness of documentation requirements and compliance
- Establish standby contracts where needed

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