Navigating Uncertainty: State Disaster Assistance Programs in a Shifting Federal Landscape

Policy Primer | July 2026

Background

The emergency management industry is facing potential significant changes to federal disaster response and recovery assistance. Several proposed reforms would significantly change federal disaster aid delivery to states. In a dynamic time in emergency management, states must prepare to adapt to shifts at the federal level, including the possibility of significantly reduced federal grant funding and assistance. To be best equipped to navigate reforms, states should develop flexible, well-funded, and easily deployable disaster assistance programs.

Preparing for Disaster Cost Shifts

As state emergency management agencies (EMAs) position themselves for federal transitions, increased state budget pressures and the potential for greater reliance on state-built capacity and capabilities pose significant challenges. Following record periods of growth, state budgets are now experiencing a period of restraint, altering state budget practices. For example, spending cuts and revenue increases are used in recommended state budgets for fiscal year 2027[1]. These strategies indicate a constrained fiscal environment[2]. In addition to changes in program delivery, several proposed policy shifts carry significant financial implications for states. For example, modifying federal disaster assistance and reducing the federal cost share could shift more of the overall costs to states. Similarly, adjusting the federal disaster declaration threshold may make it difficult for states that experience fewer large-scale disasters, such as small or heavily rural states, to secure federal disaster assistance. States also face procedural difficulties in bearing increased expenses due to differences in budget cycles: nearly 40% of states operate under biennial budgets, leaving them fewer opportunities to adjust to federal changes[3].

1 National Association of State Budget Officers, "Fiscal Survey of States Governors' Proposed Budgets for Fiscal 2027,"2026, https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/Spring_2026_Fiscal_Survey_S.pdf, 2.
2 Ibid.
3 Ibid, 1.

State Disaster Assistance Programs & Strategic State Advantages

State-administered disaster assistance programs offer several strategic advantages to states. Developing an assistance program allows states to tailor eligibility and program design, resulting in greater flexibility to better suit their needs. States can exercise greater oversight over the application materials required, expand the pool of eligible applicants, and target funding based on each state's unique disaster profile. Doing so maximizes community impact, deploys funding more quickly, and enhances disaster readiness.

An additional advantage of these programs is their ability to function independently from federal programs. These programs may be utilized when federal disaster assistance is unavailable, pending, or insufficient. Funding may address cost categories beyond federal programs, such as unmet needs or business and economic hardships. For example, state-managed and funded programs can assist in the absence of a federal disaster declaration by making state funding available for recovery. They may also expand eligibility for those who do not qualify under federal programs, such as renters.

Many states have already recognized the need for state-managed disaster assistance programs. By developing state-managed and state-funded disaster assistance programs, states are further strengthening their preparedness. Moreover, they are showcasing the state's commitment to ensuring that communities, individuals, and local governments can recover after disasters, independent of federal support. Widespread availability of state-funded disaster assistance programs demonstrates states’ acknowledgment of the value of these programs.

State Disaster Assistance Programs

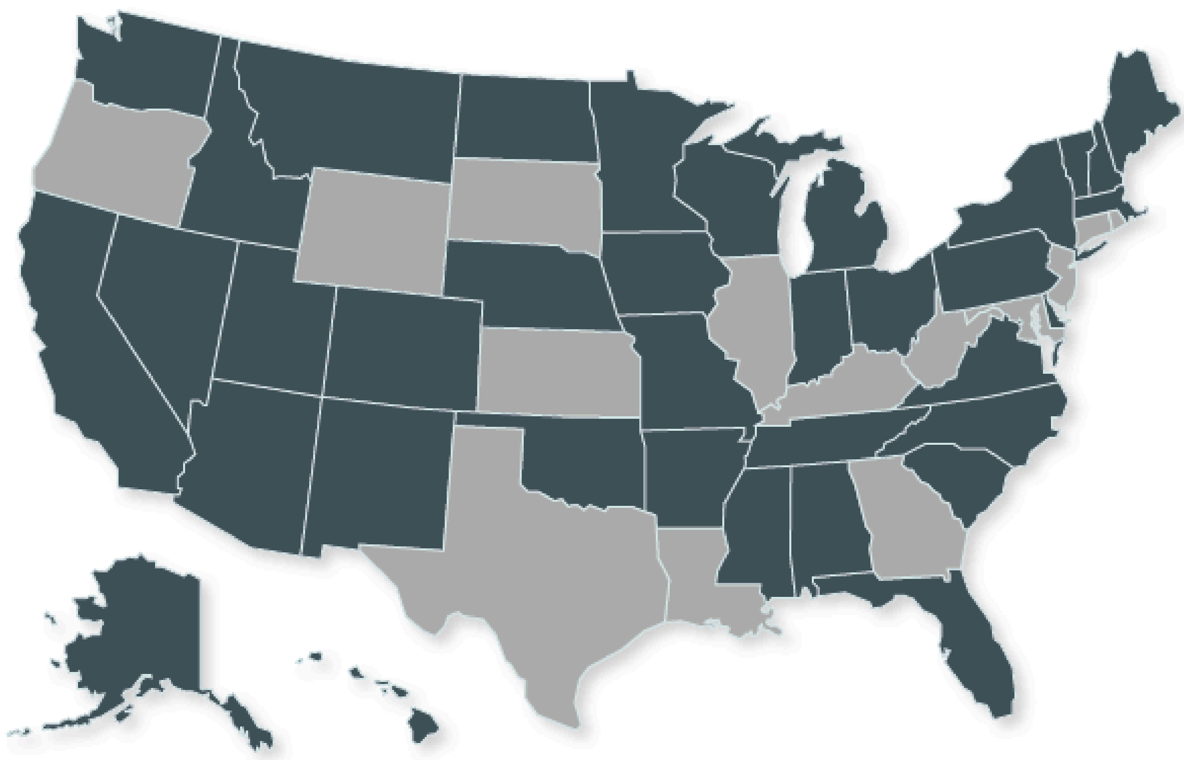


Figure 1 *illustrates that 38 states manage state-funded assistance programs, with 13 states having disaster assistance programs that cover expenses that exceed the scope of traditional public and individual and unmet needs guidelines* [4].

4 National Emergency Management Association, “Biennial Report 2026”, 2026, 42.

Understanding State Disaster Assistance Programs

This primer focuses on disaster assistance programs that provide financial support to community members, businesses, and local governments to assist with disaster recovery costs. Types of assistance can vary, including loans, grants, matching funds, and direct assistance. For these purposes, this primer will highlight several types of assistance programs, including state-administered individual and public assistance programs, as well as programs that address additional needs.

For state-level disaster assistance programs to be most successful, they should be reliably funded, flexible, and easily accessible. Additionally, they should be administered directly by the state EMA to assist in verifying damage, avoiding duplication of benefits, and providing technical expertise. Programs should be designed with disaster survivors' use in mind, aiming to eliminate overly burdensome administrative requirements while still ensuring the proper oversight required of public funds.

This primer identifies state-administered disaster assistance programs that cover a range of disaster-related expenses for individuals, communities, local governments, and business owners. It also explores the program design, eligibility requirements, and funding sources of these programs.

Disaster Assistance types may vary:

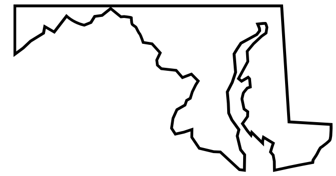
- Grants
- Loans
- Matching Funds
- Direct Assistance

State Disaster Assistance Models: Aiding Recovery

MARYLAND STATE DISASTER RECOVERY FUND

MODEL CHARACTERISTICS:

- **The state EMA may decide when to make funds accessible**
- **Provides incentives for investment in preparedness efforts**
- **Extremely flexible allowable cost categories**



PROGRAM OVERVIEW:

The Maryland State Disaster Recovery Fund (SDRF) offers financial assistance to individuals and households, small businesses, and local governments to help offset costs associated with disaster recovery. The program provides support when federal assistance is unavailable or insufficient. Local governments may request assistance to support essential needs, like housing and repairs, to provide loans to small businesses, and to reimburse local governments for recovery costs. The Secretary of the Maryland Department of Emergency Management may activate the Fund following a request from a local jurisdiction's authorized representative.

ELIGIBILITY:

Local governmental entities that receive a local or state emergency declaration are eligible to apply. Local governments must request activation of the fund within 14 days of the response period. Requests from jurisdictions must include confirmation that the emergency operations plan has been activated, that the event's impact exceeds local capabilities, and that state assistance is required. Additionally, jurisdictions may request the type of assistance they need.

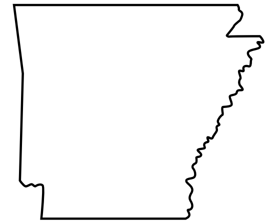
FUNDING SOURCE:

The primary source of funding is appropriations. Additionally, the Fund may receive transfers from the Maryland Catastrophic Event Account following a 10-day review and comment period by the Legislative Policy Committee.

ARKANSAS STATE INDIVIDUAL ASSISTANCE PROGRAM

MODEL CHARACTERISTICS:

- The State EMA administers the program
- Funds provide additional eligibility for non-homeowners
- Decision timeline is expedient



PROGRAM OVERVIEW:

The Arkansas State Individual Assistance Program, which is funded under the Governor's Response and Recovery Fund, provides financial assistance to individuals in designated areas impacted by disasters. If damage exceeds a local government's capabilities, a state emergency declaration may be requested to access funds. The program provides grants to individuals to help cover basic needs expenses. In addition to a state individual assistance program, Arkansas also has a state public assistance program and mitigation program.

ELIGIBILITY:

Individuals who are homeowners/renters whose primary residence sustained damage in a declared emergency are eligible for funding. To be eligible, applicants must: have sustained damage to their primary residence; have the residence inspected; and be able to provide proof of residency and ownership. Additionally, only one applicant per household is eligible; documentation of insurance or settlements is required; and a denied Small Business Administration application must be provided. The application period is typically 10 days.

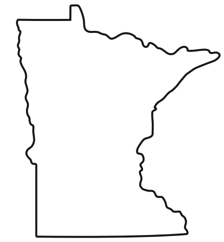
FUNDING SOURCE:

The program is under the Governor's Response and Recovery Fund, which is funded by general revenue.

MINNESOTA PUBLIC DISASTER ASSISTANCE PROGRAM

MODEL CHARACTERISTICS:

- **The State EMA administers the program**
- **Fills in gaps in funding where federal assistance is absent**
- **Funding does not lapse**



PROGRAM OVERVIEW:

The Minnesota Disaster Assistance Contingency Account provides funding for the Minnesota Public Disaster Assistance Program. The Public Disaster Assistance Program is a state public assistance program that provides grants to local governments with significant disaster impacts who are not eligible for federal assistance. The director of the Division of Homeland Security and Emergency Management may provide grants to jurisdictions that meet eligibility requirements. The account covers the same cost categories as FEMA's Public Assistance Program.

ELIGIBILITY:

Local governmental entities, state government agencies, and utility cooperatives are eligible to apply for assistance. Entities must have received an emergency declaration from a state or local government, the damages must result from a disaster, the entity must be ineligible for federal assistance, and applicants must assume 25% of the total eligible costs. There is a state-identified damage threshold that must be met to be eligible for funding, which is at least 50% of the countywide per capita impact indicator under the FEMA Public Assistance Program.

FUNDING SOURCE:

Legislative appropriations fund the program. Additionally, the Governor's budget proposal must include recommended appropriations to the Disaster Assistance Contingency Account.

Key Takeaways

- **Allow for Flexibility.** Programs should be flexible in use and easy to access during events. Program design should align with a state's specific needs.

- **Avoid Administrative Burdensome Applications.** When disasters occur, survivors are overwhelmed. Design a program centered on a clear, easy-to-follow application process for survivors.

- **Independent of Federal Aid.** While it can be important to avoid duplicating benefits, it should also be a priority to design a program that remains available regardless of federal assistance.

- **Stable, Sustained Funding Source Present.** Seek to identify a source of funding that is reliable, does not lapse, and would not require seeking funding from legislators on an as-needed basis, as this can delay providing immediate assistance.

- **Expedite Decision and Review Periods.** Timeliness in response and recovery is critical. Design a program that prioritizes identifying a clear, quick-moving timeline for when applicants can expect a decision, helping them plan accordingly and expedite their recovery.

Conclusion

Against the backdrop of significant reforms that may drastically change how states deliver emergency management programs, states are already working to ensure a complete and speedy recovery while facing budget and capacity constraints. Developing a disaster assistance program can be highly advantageous to them in this context, as these programs can address potential shortfalls in federal support and allow for flexibility in design to meet the state's unique needs. To best prepare for federal emergency management reforms, states should seek to develop or expand a state-managed disaster assistance program. Doing so will position State EMAs well to handle additional responsibilities that may be needed in the absence of federal support. Disaster assistance programs should be flexible in use, reliably funded, and easy to apply for. Additionally, programs should be administered by State EMAs.

For more information on NEMA, visit
www.nemaweb.org.

NEMA Headquarters
Council of State Governments
1776 Avenue of the States
Lexington, KY 40511

NEMA Washington, DC
Hall of the States Building
444 North Capitol Street
Washington, DC 20001