Navigating the FEMA Review Council Final Report

On May 7, 2026, the President's Council to Assess the Federal Emergency Management Agency (FEMA) released its Final Report following more than a year of engagement with state, local, tribal, and territorial (SLTT) governments, emergency managers, and the public.[1]

The Final Report presents ten executive-level recommendations and more than 150 associated actions across preparedness, mitigation, response, recovery, and agency structure. At its core, it proposes shifting greater responsibility for emergency management operations, funding administration, preparedness delivery, and recovery oversight to SLTT governments, with FEMA operating in a more targeted federal support role focused on catastrophic incidents, national coordination, and core capabilities.

While many recommendations require congressional authorization, others may advance through administrative action, rulemaking, or policy direction in the near to medium term. This signals a structural shift toward a state-led emergency management model—requiring SLTTs to rapidly scale capacity, strengthen financial and operational readiness, and assume greater accountability for disaster lifecycle delivery.

The following summarizes the most consequential recommendations by mission area, highlighting governance, funding implications, and implementation pathways.

Key final report recommendations and implications

01

Equip SLTTs to lead—reorienting the National Preparedness System

Reorient the National Preparedness System so SLTT governments lead across the disaster lifecycle, with FEMA focused on standards, coordination, and catastrophic support.

Implication: Jurisdictions would need to expand operational capacity, workforce readiness, and governance structures to assume primary responsibility for preparedness and response execution.

02

Enhance critical federal programs and resources

Modernize core federal capabilities—including National Incident Management System (NIMS), Urban Search and Rescue, National Disaster Medical System (NDMS), Integrated Public Alert & Warning System (IPAWS), and the Disaster Relief Fund—while expanding federal cyber and AI operations.

Implication: As FEMA concentrates on catastrophic incidents, SLTTs would assume primary responsibility and need to increase local investment to manage non-catastrophic, routine disasters independently.

03

Realign the criteria for Federal Disaster Assistance

Raise Public Assistance declaration thresholds and revise Individual Assistance eligibility criteria to reduce reliance on federal disaster declarations and rebalance financial responsibility between states and the federal government.

Implication: More incidents would require state-led operational and financial management without federal disaster declarations.

04

Replace HMGP with the Refined Risk Reduction Program (R3P)

Replace the Hazard Mitigation Grant Program (HMGP) with the Refined Risk Reduction Program (R3P), a state-managed mitigation framework combining rapid post-disaster mitigation advances with longer-term strategic mitigation funding tied to state performance metrics.

Implication: States would assume greater responsibility for mitigation prioritization, program management, and long-term resilience investment planning.

05

Streamline Individual Assistance into the FAIR Program

Replace the current Individual Assistance (IA) structure with the Framework for Accessible Individual Relief (FAIR), a simplified direct payment model intended to accelerate survivor assistance and provide states greater flexibility in managing housing recovery.

Implication: States would assume a larger role in sheltering, housing coordination, and survivor recovery administration.

06

Reform Public Assistance into the RAPID Program

Replace FEMA's reimbursement-based Public Assistance (PA) framework with the Reformed and Partnered Initiative for Disasters (RAPID), a state-managed parametric funding model intended to accelerate disaster recovery funding delivery.

Implication: States would assume substantially greater responsibility for procurement oversight, financial management, audit readiness, and recovery program administration.

07

Reform the National Flood Insurance Program (NFIP)

Continue implementation of Risk Rating 2.0, expand private market participation, modernize flood risk management practices, and reduce administrative costs within the NFIP.

Implication: SLTTs would face increased expectations for floodplain management, insurance coverage strategies, and long-term resilience planning.

08

Reduce administrative costs

Reduce federal disaster administrative overhead through streamlined grant processes, standardized documentation, expanded technical assistance, and strengthened audit and ethics requirements.

Implication: Faster funding delivery would likely be paired with increased expectations for SLTT financial accountability and internal controls.

09

Revitalize a Unified National Network for Partnership

Strengthen coordination among government, private, nonprofit, and faith-based partners through formalized structures and shared situational awareness.

Implication: Elevating cross-sector networks to a larger operational role would mean a fundamental shift away from traditional government-only responses, making disaster recovery reliant on distributed, whole-of-community resources.

10

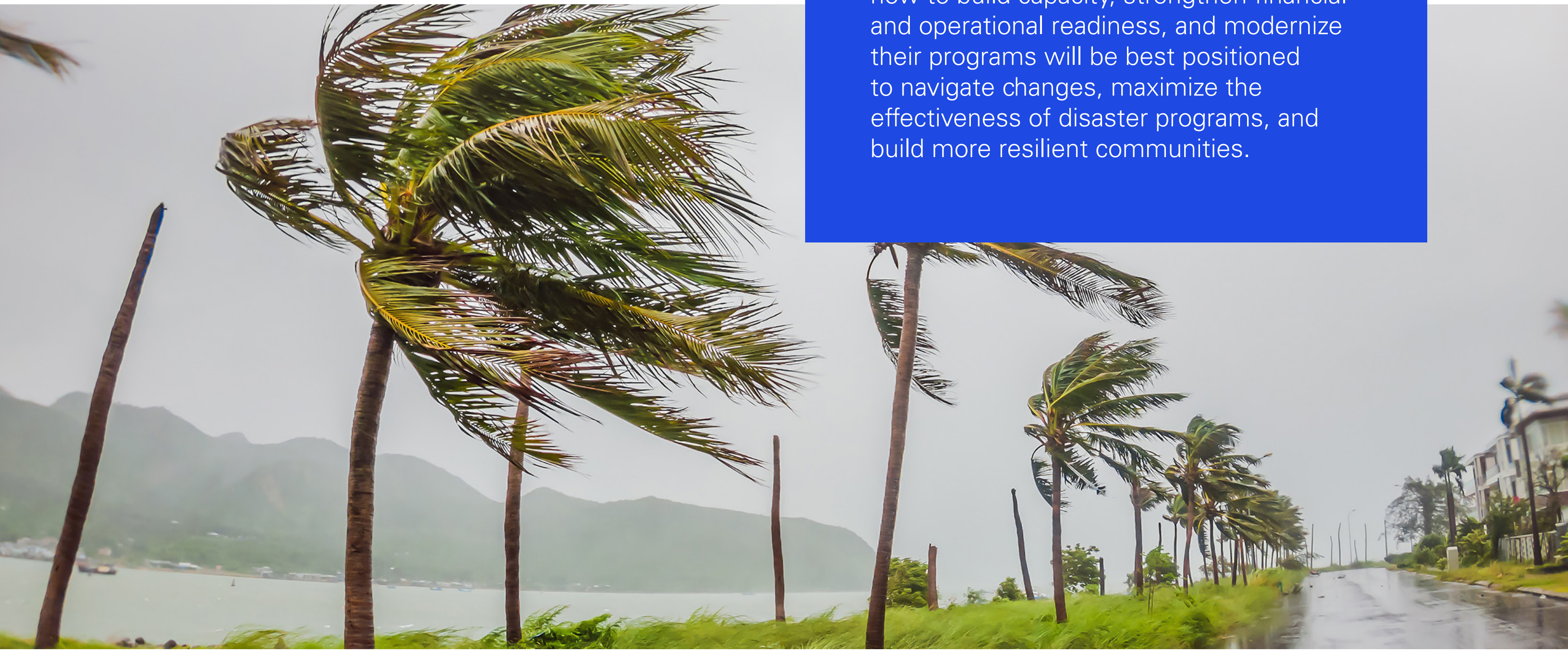
A transformed agency

Transition FEMA toward a narrower federal mission focused on catastrophic incidents, core federal coordination functions, and national preparedness standards, while reducing administrative overhead and shifting additional operational responsibility to SLTT governments.

Implication: SLTT agencies may need to expand staffing, governance, financial management, and operational capabilities to sustain a more state-led model.

What's next

The Final Report provides recommendations—not enacted policy. Implementation will depend on congressional authorization, administrative action, and a proposed two-to-three-year structural review of FEMA. This new landscape presents both a significant opportunity and a substantial challenge for SLTTs. Early engagement and proactive planning by SLTTs will be critical to position jurisdictions for success under evolving requirements. Those that act now to build capacity, strengthen financial and operational readiness, and modernize their programs will be best positioned to navigate changes, maximize the effectiveness of disaster programs, and build more resilient communities.



How KPMG can help

KPMG brings extensive experience supporting SLTTs across the full emergency management lifecycle, from preparedness and mitigation through response, recovery, and long-term resilience. Our multidisciplinary teams combine emergency management practitioners, grants and financial management specialists, policy advisors, and technology and data professionals who have worked on large-scale emergency management efforts, complex grant programs, and enterprise transformation initiatives. This experience enables us to help SLTTs navigate evolving federal frameworks, manage increasing operational and financial complexity, and build sustainable capabilities for the future.

Operating Model & Organizational Transformation	Redesign of emergency management organizational, governance, and workforce structures to support a state-led model	• Conduct briefings and jurisdiction-specific assessments to evaluate report implications • Design future-state operating models where SLTTs lead disaster lifecycle activities • Develop workforce strategies (staffing, training, surge capacity models) • Establish governance frameworks and decision rights for crisis management • Stand up transformation program offices (PMOs) to manage multi-year change
Financial Management, Funding Strategy & Compliance	Modern financial frameworks to manage increased state funding responsibility, parametric funding models, and audit requirements	• Assess cost share positioning and develop disaster funding strategies and reserve models to offset reduced federal assistance • Design and implement RAPID parametric funding governance frameworks • Strengthen internal controls, audit readiness, and fraud prevention, and reduce administrative costs, with the KPMG Smart Grants Platform • Modernize procurement processes and grant financial management with the KPMG Smart Grants Platform • Conduct fiscal risk modeling and scenario analysis for disaster cost exposure
Resilience, Mitigation & Climate Risk Advisory	Long-term resilience planning, climate risk analytics, and mitigation investment prioritization	• Design and operationalize the Refined Risk Reduction Program (R3P) • Build statewide resilience strategies tied to performance metrics and risk reduction goals • Conduct climate, hazard, and flood risk modeling (including Risk Rating 2.0 impacts) • Advise on capital planning and infrastructure investment prioritization • Support floodplain management, insurance strategies, and private market engagement

Technology, Data & Digital Enablement 	Modernization of systems, data platforms, and digital tools for emergency management and survivor services	• Implement integrated emergency management platforms aligned with NIMS • Deploy AI-enabled situational awareness and decision-support tools • Modernize legacy systems (e.g., case management, grants platforms) with the KPMG Smart Grants Platform • Build digital survivor assistance portals for FAIR program delivery • Enhance cybersecurity and data sharing across agencies and jurisdictions
Ecosystem, Partnerships & Program Delivery 	Development of multi-sector partnerships and execution of complex, cross-agency transformation programs	• Design "whole-of-community" partnership models (private sector, NGOs, faith-based orgs) • Establish data-sharing and coordination platforms across stakeholders • Facilitate public-private partnerships (P3s) for disaster response and recovery • Provide program management for large-scale transformation initiatives (FAIR, RAPID, R3P rollout) • Drive stakeholder engagement, communications, and change management

The FEMA Review Council's recommendations signal a meaningful shift in how emergency management responsibilities, funding, and accountability may be structured in the future. KPMG remains committed to helping SLTT governments evaluate these developments and prepare thoughtfully for what comes next.

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Sources

[1]President's Council to Assess the Federal Emergency Management Agency. FEMA Review Council Final Report. U.S. Department of Homeland Security, 7 May 2026.