



Economic Development Administration Disaster Economic Recovery Funding (P.L. 118-158)

December 19, 2025

Since the early 1990s, Congress has supported disaster-related economic recovery through periodic appropriations provided to the [Economic Development Administration](#) (EDA), a bureau of the U.S. Department of Commerce. The American Relief Act (ARA), 2025 (P.L. 118-158) provided \$1.51 billion to EDA for disaster economic recovery. This report summarizes novel aspects of EDA’s approach to administering the disaster recovery funding in FY2025, including the EDA’s funding “pathways” for disaster-impacted communities and the request for proposals to implement large-scale recovery strategies involving targeted industries.

Background

Congress occasionally provides funding for long-term disaster recovery assistance in supplemental appropriations measures. Since 2011, Congress has provided \$3.4 billion in supplemental funding for long-term disaster recovery for selected incidents under the EDA’s [economic adjustment assistance](#) program (see [IF12576](#) and [IG10045](#)).

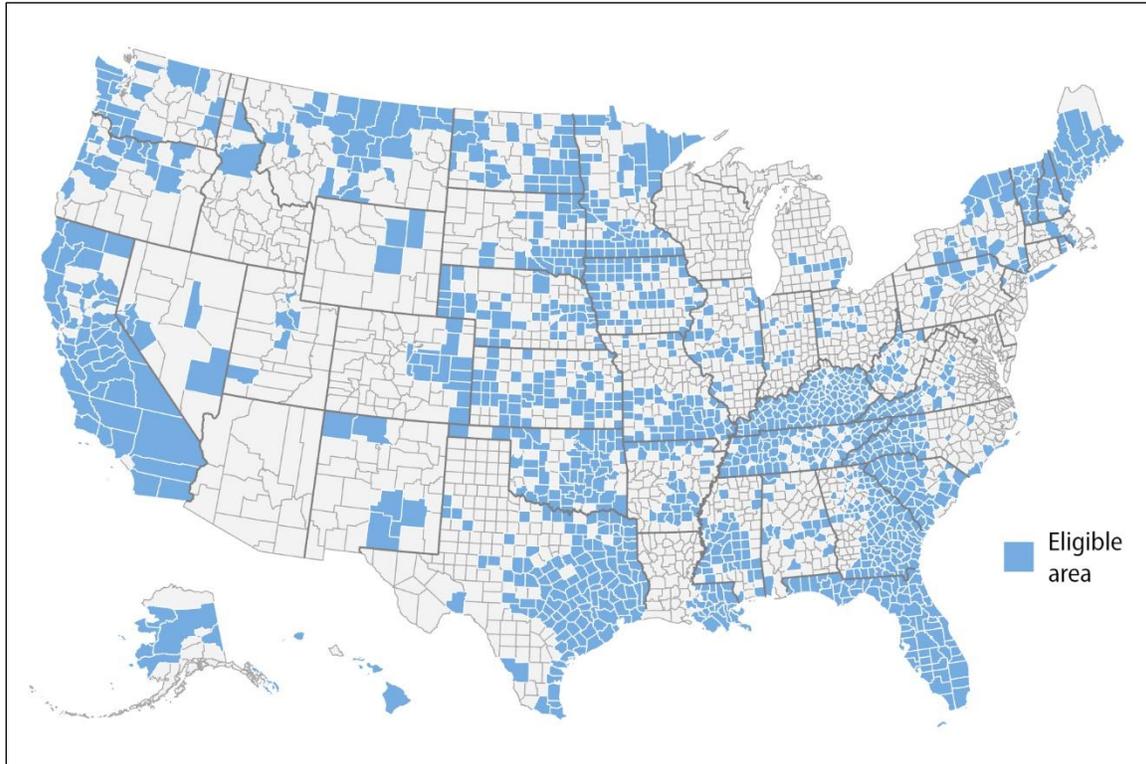
P.L. 118-158 provided \$1.51 billion in supplemental funding to the EDA, including \$10 million to be transferred to the [Delta Regional Authority](#) (DRA), one of the six active [federal regional commissions and authorities](#). The funding is “for economic adjustment assistance related to flood mitigation, disaster relief, long-term recovery, and restoration of infrastructure” in areas with a [presidential](#) major disaster declaration under the Robert T. Stafford Act in calendar years 2023 and 2024. EDA funding is available to [eligible areas nationwide](#) (see [Figure 1](#)); DRA funding is available for eligible areas in the [DRA region](#). For a summary of DRA’s FY2025 disaster recovery grant program, see CRS Insight [IN12632](#), *Delta Regional Authority Disaster Economic Recovery Funding (P.L. 118-158)*.

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IN12633

Figure 1. Areas with at Least One Major Disaster Declaration in 2023 or 2024



Source: CRS, with data from the Federal Emergency Management Administration (FEMA), [Disaster Declarations Summary Table](#), accessed 12/5/2025, U.S. Census Bureau, and ESRI.

Notes: Tribal areas and U.S. Territories with major declarations not displayed. Applicants may use FEMA website's (www.fema.gov/disaster/declarations) to see eligible areas.

EDA's FY2025 Disaster Recovery Grant Program

EDA's Notice of Funding Opportunity (NOFO) outlined the review and selection processes for the FY2025 disaster recovery grant. **Figure 2** provides a summary of the NOFO.

Figure 2. Summary of EDA’s FY2025 Disaster Recovery Grant Pathways

Funding amount	\$1.5 billion		
Funding opportunity	Readiness Pathway	Implementation Pathway	Industry Transformation Pathway
Goal	To increase community readiness to apply for or implement disaster recovery funding; funding will support strategy development, capacity building, and predevelopment expenses for future recovery projects	To help mitigate or prevent the impacts of future disaster events, fund critical public infrastructure projects, and help local economic diversification through the development or acceleration of industries; funding will support construction and non-construction projects, including revolving loan funds	To support regional economic transformations by developing or accelerating a key industry; funding will support multiple large-scale, coordinated projects and may include construction and/or non-construction projects
Award amounts	\$250,000 - \$500,000 (expected)	Non-construction awards are expected to be between \$100,000 and \$5 million; construction awards are expected to range from \$2 to \$20 million, with some exceptions	\$20 - \$50 million (expected)
Coalition application required?	No 	No 	Yes 
Deadline	Applications accepted on an ongoing basis		March 3, 2026
Cost share or other commitments required?	Grantees are expected to provide 20% of project expenses; EDA may provide awards for up to 100% of project expenses for Tribal grantees or projects in severely distressed areas Investment and policy commitments are encouraged for the Readiness and Implementation Pathways, but required for the Industry Transformation Pathway		

Sources: EDA, [FY2025 Disaster Supplemental Notice of Funding Opportunity](#) and [Frequently Asked Questions](#).

Note: The “available funding” amount does not total \$1.51 billion due to amounts allocated for administration and oversight.

Funding for Recovery and Resilience

The EDA FY2025 grant competition focuses on disaster recovery projects, as well as projects that support long-term disaster and economic resilience. Resilience projects generally involve planning and preparation for potential hazards, thus reducing their consequences and easing future recovery. EDA notes that *economic resilience* has three primary attributes: “the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether.” EDA defines *economic recovery resilience* as “economic development planning or implementation projects that enhance the ability of an area to withstand and recover from adverse short-term or long-term changes in economic

conditions, including effects from industry contractions or economic impacts from natural disasters.” EDA continues to incorporate principles of resilience into both disaster and non-disaster activities as “economic recovery resilience” is one of the [five investment priorities](#) for all EDA programs.

Eligible Activities and Funding Pathways

EDA’s disaster supplemental funding continues to be available for a variety of disaster economic recovery activities, including infrastructure projects, workforce development, entrepreneurship, revolving loan funds, resiliency planning, and other planning efforts. However, EDA’s FY2025 disaster recovery NOFO differs from recent disaster recovery NOFOs in several ways. For instance, EDA did not include allocations to its [regional offices](#) in its FY2025 disaster recovery NOFO, which had previously been included. Additionally, in FY2025, EDA introduced three funding “pathways,” which are available for different types of projects (see [Figure 2](#)). Applicants may apply for grants for multiple individual projects using more than one pathway, but [EDA guidance](#) discourages applicants from seeking funding from multiple pathways for the same project.

Funding for Industry Transformation Strategies

The EDA’s Industry Transformation pathway (as described in the [FY2025 NOFO](#)) is to fund proposals to establish or advance a key target industry (e.g., food processing, marine technology) and represents a [notable shift](#) from prior disaster recovery competitions. Its stated objective is to transform regional economies and make them more resilient—in addition to funding rebuilding activities. EDA plans to fund coalition-based proposals with three to five large-scale, collaborative interventions—rather than single-applicant and single-project proposals. The grants are designed to help communities implement a broad, comprehensive economic development vision and address issues specific to the community’s targeted industrial base.

The EDA guidance for the Industry Transformation pathway also differs compared to prior rounds of EDA funding and the other two pathways. For instance, evaluation criteria for the pathway places greater emphasis on performance measures, such as the amount of private investment or jobs created, compared to Readiness and Implementation pathways. EDA is to evaluate the strength of the coalition as one of the competitive review factors and the grant awards are to be significantly larger than awards under the other pathways. Investment and policy commitments (e.g., changes to local regulations, strategies to retain or increase high-skilled workers) are encouraged for the other two pathways, yet required for the Industry Transformation pathway.

Considerations

The \$1.51 billion in supplemental disaster funding appropriated to EDA in FY2025 was 200% greater than the \$500 million in EDA disaster funding provided by P.L. 117-328 in FY2023 and 222% greater than the \$468 million in [EDA annual funding](#) provided in FY2025. Congress may consider evaluating the ARA disaster recovery funding in terms of the number of disaster-impacted areas receiving funding and the degree of impact associated with the new large-scale, transformative regional initiatives (i.e., Industry Transformation pathway proposals).

The investment and policy commitments for the Industry Transformation pathway are a new feature of the disaster recovery grant competition. The commitment requirements may offer a novel approach to addressing community-specific regulatory or structural issues. Congress may also consider evaluating the outcomes associated with the commitment requirements for the Industry Transformation Pathway and how they affected regional economic growth and development.

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