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Small Project Pitfalls: New FEMA PA FAQs

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VLCT has updated its FEMA Public Assistance FAQ webpage to address two issues related to FEMA's Small Project procedure: changes to project scope and what happens when a Small Project costs less than expected.

Changing How a FEMA PA Project Is Completed

Several municipalities have asked whether they can adjust how a FEMA-funded project is carried out. The answer is simple: **contact the State of Vermont before making any changes**.

FEMA must approve any modification to the scope of work written in the project worksheet. This includes changes to materials, methods, or hazard mitigation components. Scope changes must be approved in writing through a revised project worksheet. Completing work differently than approved – even if the project still functions as intended – can put funding at risk.

During final inspection, if the completed work does not match FEMA's approved scope, the state may:

- Request a FEMA scope change, which could result in partial repayment

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- Determine the project is ineligible, requiring full repayment
- Investigate potential misuse of federal funds

Misconduct is treated seriously under federal law. Improper use of FEMA funds can lead to repayment, state or federal debarment, civil penalties, or criminal charges. Early communication with the State is the best way to avoid these outcomes. Best practice is to put your scope change question in writing and get any scope change approval response in writing too.

What If a Small Project Costs Less Than the FEMA Payment?

Under FEMA's Small Project rules, municipalities may keep excess funds **only if**:

- The project is completed exactly as described in the FEMA project worksheet,
- All costs are properly documented, and
- The state verifies completion during closeout.

For highway projects, VTrans will confirm that the work matches the approved scope. Once the State closes the project, any remaining funds may stay with the municipality, but they may still be subject to adjustment later.

To avoid complications, municipalities are encouraged to wait until they **receive the final closeout letter for the entire disaster grant** before treating any funds as surplus.

These updates are designed to help communities avoid common pitfalls and stay compliant with FEMA requirements. Municipalities are encouraged to review the full FAQ page and reach out to their State Public Assistance Coordinator with questions as projects move forward.

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