



Team Western Kentucky Tornado Relief Fund | Team Eastern Kentucky Flood Relief Fund

Fiscal Year 2023 Report

Introduction

The Public Protection Cabinet is submitting this report pursuant to KRS 12.112 regarding the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund, the two presently active funds administered by the Cabinet. The overarching goal in the administration of each fund is to provide direct assistance to individuals impacted by the natural disaster in a timely, efficient, and equitable manner. Recognizing that administrative costs cannot be reimbursed, the Cabinet sought to leverage existing information and data to verify program eligibility and ensure that benefits were not being duplicated. Each program was developed based on needs voiced by residents impacted by the disaster, local governments, long-term recovery groups, and charitable organizations.

Specifically, KRS 12.112 requests the following information:

The statutory and constitutional authority to raise revenue and expend funds from a state agency to individuals and entities absent an appropriation as required by Section 230 of the Constitution of Kentucky

The statutory authority for the establishment of the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund is KRS 11.065, KRS 12.270, KRS 12.020, KRS 12.250, KRS 12.252, and KRS 45A.097.

The program or fund guidelines and procedures established for the allocation of funds including:

1. The composition of each board, commission, or governing body created to administer the fund or program

The Public Protection Cabinet is responsible for administering the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund. The Cabinet's Executive Team includes the Cabinet Secretary, Chief of Staff, Office of Legal Services, Office of Administrative Services, and the Office of Information Technology all of which play a role in administering the funds. Additionally, the Public Protection Cabinet coordinates its efforts in administering the funds with other agencies involved in the recovery efforts including Kentucky Emergency Management, Department for Local Government, Transportation Cabinet, Finance and Administration Cabinet, Energy and Environment Cabinet, Cabinet for Health and Family Services, the Cabinet for Tourism Arts and Heritage, and Kentucky Housing Corporation.

2. The roles, assigned responsibilities, and authority of the entities involved in the administration of funds

The Cabinet Secretary, Chief of Staff, and General Counsel are the primary points of contact for the administration of the fund and provide overall management of the funds and program guidelines. Staff within the Office of the Secretary assist in reviewing applications for funding in accordance with program guidelines. Staff within the Office of Administrative Services provide fiscal management of donations and disbursements in accordance with state accounting requirements. Additionally, the Office of Administrative Services assists with the establishment of Memorandum of Agreement with nonprofit organizations assisting the disbursement of funds to impacted individuals. The Office of Information Technology is responsible for developing applications for specific programs.

3. Any standards or procedures used to determine: Award amounts, Eligibility criteria, Types of assistance, Prioritization of applications, and Fraud and risk mitigation procedures for administration of the relief fund

The programs within both the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund have different guidelines, standards, and controls.

- **Funeral assistance program** – The Public Protection Cabinet coordinated with the Department of Vital Statistics, in conjunction with local coroners, to identify those that directly or indirectly perished as a result of the applicable natural disaster. Discussions were held with the Funeral Directors Association of Kentucky to determine the appropriate amount to award to adequately cover the cost of the funeral services and to develop program guidelines to ensure funding would be used for its intended purposes. In accordance with the program guidelines, payment was issued to the person financially responsible to the funeral home and mailed to the funeral home to ensure that any account could be settled at the time the payment was received.
- **Supplemental payments to insured and uninsured homeowners and renters** – Recognizing that FEMA is not designed to fully compensate for losses sustained in a disaster and further recognizing that many survivors were either uninsured or underinsured, a program was developed to provide a payment to supplement the amount a survivor recovered through either FEMA or private insurance. Verification of the survivor's loss was provided through data shared by FEMA or the insurance company. The Public Protection Cabinet determined an award amount based on the number of potential eligible individuals (through analysis of available information on the number of individuals impacted) and the total amount of money available in the fund not committed to other initiatives. Payments were disbursed in batches as information from FEMA and the insurers was made available. To ensure survivors understood the reason for the disbursement, a letter was provided along with the check explaining that additional funds were being provided to supplement the assistance the survivor received for the loss.
- **Grain assistance program** – Local farmers and county officials approached the Cabinet to develop a program to assist the farmers with additional costs incurred as a result of the loss of the local grain elevator, which was destroyed by the tornado. Working in

conjunction with the operators of the grain elevator, a program was developed including the eligibility criteria, appropriate award amount, and the necessary documentation to verify the delivery amounts. Applications were received and processed on a first in, first out basis. To ensure farming operations remained ongoing, recipients were required to provide documentation of their 2022 deliveries.

- **Unmet needs program** – At the request of the local long-term recovery groups, a program was developed to provide funding for needs in excess of the financial assistance received from other sources. The Public Protection Cabinet determined an award amount based on the number of potential eligible individuals identified by the long-term recovery groups and the total amount of money available in the fund not committed to other initiatives. Through this program, the long-term recovery groups perform case management to verify the unmet need and certify that the payment made from the fund does not duplicate other funds received. Applications for funding are reviewed on a first in, first out basis. The program guidelines allow for checks to be made payable to both the survivor and the vendor performing the service or offering the supplies to ensure that funding is being used for its intended purpose.
- **Home building and repair program** – Various nonprofit home builders reached out to the Public Protection Cabinet to request funding for their home building initiatives. The Cabinet asked the nonprofits to provide information about the estimated number of homes that could be built, the counties where building would occur, the estimated costs for building a home, and their process to ensure that funding could be individually traceable to a disaster survivor. Program guidelines, including a maximum award amount per home were developed from the information provided by the nonprofits. While survivors wanting a new home or repairs to their existing home apply directly to the nonprofit, once approved, the nonprofit applies to the Public Protection Cabinet for funding. These applications are reviewed as they are received. A Memorandum of Agreement was entered into with each nonprofit building partner that includes requirements to ensure the funds are provided for the benefit of an individual who was impacted by the disaster and for a refund of funding if it is determined that an individual who received benefits is not a qualified applicant.

4. Any solicitation, analysis, and evaluation procedures for obligation of funds for future expenditures for long-term recovery projects or partnerships with public and private organizations.

The Public Protection Cabinet assesses each funded program through on-going conversations with long-term recovery groups, nonprofit home builders, local officials and community leaders, and other state and federal partners assisting with the recovery efforts. The primary need identified remains affordable housing.

5. Any plans for use of future receipts, and a timeline for dissolution of the program and fund.

Any future receipts received in both the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund will be utilized to for construction and repair of housing for survivors of the disasters. The timeline for dissolution of the funds will be determined through discussions with nonprofit builders according to the availability of lots, supplies and labor, and the identification and approval of potential homeowners. Donations have significantly slowed in recent months to both funds, and it is anticipated that currently programs will exhaust all funding in the next 18-24 months. Once all funds are distributed, the funds will be dissolved.

The following documents are attached to this report:

- A listing of the total funds received or pledged;
- A listing of the expenditures or obligated or encumbered funds from the relief fund. Please note, to obtain data from FEMA, the Cabinet was required to enter into a confidentiality agreement in order to protect certain personal identifying information (“PII”) from disclosure. As such, we have redacted or omitted certain data from these reports in accord with that agreement. A copy of that agreement is available for review upon request; and
- The program or fund guidelines.