

Department for Local Government

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. The agency serves as the liaison between the Governor and local units of government. It coordinates and resolves local government problems, fulfills statutory obligations of the State Local Finance Officer and the State Local Debt Officer and administers various federal and state grant programs. DLG provides financial assistance, in the way of grants and loans to local governments within the Commonwealth. It also advises local governments in the matters of budget, personnel, and other issues relevant to those entities.

The offices within the Department for Local Government include the following:

Office of Finance Management and Administration

The Office of Financial Management and Administration consists of three branches: the Counties Branch, the Cities and Special Districts Branch, and the Administrative Branch.

The Counties Branch annually certifies property tax rates for counties, local officials training hours, and annual cost of living adjustments for constitutional officers, as well as statutory obligations of the State Local Finance Officer and the State Local Debt Officer. The branch offers training for county fiscal courts, jailers, sheriffs, and court clerks who are required to have 40 hours of training annually. Also, local budget workshops are held each year to assist local governments better understand the process. Training is also coordinated and conducted during the Governor's Local Issues Conference each year, which brings together an average of 700 local officials from across the Commonwealth.

The Cities and Special Districts Branch provides technical assistance to cities and special districts (i.e. Special Purpose Governmental Entities) in order to meet statutory obligations on ethics ordinances, audits, budgets, Uniform Financial Information Reports, annexations, etc.

The Administrative Branch provides support in personnel administration, facilities/property management, budgeting, and managing agency financial operations. The Administrative Branch also disburses monthly County and Municipal Road Aid funds to cities and counties that do not participate in the co-operative program through the Kentucky Transportation Cabinet's Office of Rural and Secondary Roads.

Office of Field Services

The Office of Field Services consists of five staff which serve as liaison between the Governor's Office and local government officials and constituents. Staff attend meetings and act as a representative in the Governor's absence at community functions, events, and meeting. They assist in advancing events for the Governor, Lieutenant Governor, First Lady, and other administration officials. Also, they assist in the distribution of information and assistance on state resources for local projects. They are also responsible for keeping the Governor informed about local events, issues, and concerns.

Office of Legal Services

The Office of Legal Services provides technical and compliance assistance to thousands of local governments officials and special purpose governmental entities regarding various federal and state laws and assists them with a broad range of administrative and legal matters. The Office is also available to advise local governments and other governmental entities concerning the various legal requirements of the state and federal grant programs administered by DLG.

Additionally, the Office of Legal Services serves as legal counsel for the DLG staff administering federal and state grant programs and the State Local Finance Officer/Debt Officer, assisting the State Local Debt Officer/State Local Finance Officer in performing their statutory duties. Additionally, the Office of Legal Services provides legal services to various entities administratively attached to the DLG.

Office of State Grants

The Office of State Grants consists of the Coal Development Branch, the Special Programs Branch, and the Flood Control Match Program.

The Coal Development Branch utilizes state funds to promote economic development across the Commonwealth. This includes administering:

- Local Government Economic Development Fund (LGEDF) single coal county grants which are available for any coal-producing county for any economic or industrial development projects as defined by KRS 42.4588. The LGEDF program has a General Fund appropriation in the Executive Branch Budget.

- Local Government Economic Assistance Fund (LGEAF) coal and mineral severance entitlements is a program of revenue sharing for Kentucky counties and cities. The LGEAF returns a portion state collected coal and mineral severance taxes to eligible local governments, as per KRS 42.450 – KRS 42.495. The LGEAF program has a General Fund appropriation in the Executive Branch Budget.

The Special Programs Branch administers:

- Regional Development Agency Assistance Program which is as a system of grants to Special Purpose Governmental Entities, as defined by KRS 65A.010(9) and in KRS 96.895. The RDAAP program has a Restricted Fund appropriation in the Executive Branch Budget.
- Energy Efficiency and Conservation Loans for Local Governments: This program provides for no-interest loans with a minimum amount of \$5,000 up to a maximum loan amount of \$100,000, repaid quarterly based on agreed-up terms. These funds are in a revolving loan fund that is designated as Federal funds, with the original funding provided by the U.S. Department of Energy. While only city and county governments are eligible to apply for this funding, a local government may apply on behalf of a non-profit agency or a public or quasi-public entity within the local government jurisdiction.
- General Appropriations Bills Line-Items: The Branch provides financial and programmatic administration on all Executive Branch budget general line-items (non-coal) under the appropriation of the Department for Local Government.
- Area Development Funds, established by KRS 42.345-42.370, are a way to fund projects contributing to community or industrial development. Funds are distributed through a formula allocation through the Area Development Districts (ADDs), and applications must be approved by the local ADD Board of Directors. Eligible projects can only be used for projects that contribute to the community or industrial development as outlined by statute and Kentucky Administrative Regulations.
- Joint Funding Administration (JFA) was created as a way to unify funding to the Area Development Districts (ADDs) for planning and technical assistance. These funds come from multiple sources: U.S. Department of Commerce, Economic Development Administration's Partnership Planning Grant program; U.S. Department of Housing and Urban Development, Community Development Block Grant program; and state General funds, which are allocated through a formula

(KRS 147A.100) that provides non-federal matching funds in order to maximize federal awards.

- Flood Control Local Match Participation Program uses state bond funds (Capital Budget) as grants to assist local communities in meeting cost-share match requirements associated with projects funded by federal agencies. Some examples are, but not limited to: U.S. Army Corps of Engineers, Federal Emergency Management Agency, U.S. Geological Survey, Natural Resources Conservation Service, and Rural Development of the U.S. Department of Agriculture.

Office of Federal Grants

The Office of Federal Grants administers the following:

- **Appalachian Regional Commission Grants:** The Appalachian Regional Commission (ARC) is a federal-state economic development program designed to assist in the economic development of Appalachia through a diversity of projects in the areas of public infrastructure (water, sewer, solid waste, housing, and telecommunications), human resource development (education/workforce development, affordable/accessibile healthcare, and leadership development) and business/entrepreneurial development.
- **Community Development Block Grants:** The Community Development Block Grant (CDBG) program provides assistance to communities for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, providing infrastructure and/or improving community facilities and services.
- **Delta Regional Authority Grants:** These funds are used to help economically-distressed communities leverage other federal, state and local dollars for community development projects that focus on infrastructure development, business development and entrepreneurship and job training services. Pre-applications are submitted directly to the DRA. DLG is notified of pre-apps deemed eligible from which DLG selects priority projects for recommendation by the Governor to DRA for full application invitations.
- **Land and Water Conservation Fund:** The LWCF provides federal grant funds to protect important natural areas, acquire land for outdoor recreation and to develop or renovate public outdoor recreation facilities such as campgrounds, picnic areas,

sports & playfields, swimming facilities, boating facilities, fishing facilities, trails, natural areas and passive parks.

- **Recreational Trails Program:** This program is funded by the Federal Highway Administration (FHWA). It can be used to provide assistance for acquisition of easements, development and/or maintenance of recreational trails and trailhead facilities for both motorized and non-motorized use.
- **Neighborhood Stabilization Program:** The program was established to stabilize communities that have suffered from foreclosure and abandonment. It provides assistance to cities, counties and housing non-profit organizations to acquire and redevelop foreclosed properties that might otherwise become sources of blight within their communities. It is important to note that there has been no new funding for this program since 2011; however, there is a revolving loan fund, specific to foreclosed properties in NSP-eligible census tracts that has a balance of over \$6 million. This funding, which still retains its federal identity, can be used for short-term financing for eligible projects.
- **Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, Coronavirus Relief Fund:** The Coronavirus Relief Fund (CRF) program provided assistance to non-entitlement cities and counties during the COVID-19 pandemic. As outlined in federal regulations, CRF payments were only to be used to cover the following expenses:
 - Necessary expenditures incurred due to the public health emergency with respect to COVID-19.
 - Expenditures that were not accounted for in the budget most recently approved as of March 27, 2020 for the local government; and
 - Expenditures that were incurred during the period that began on March 1, 2020, and ended on December 31, 2021.
- **Community Development Block Grant-COVID Funds:** Provided through the U.S. Department of Housing and Urban Development, these funds were provided to local governments to provide utility relief to Kentuckians. Local governments could request up to \$200,000 to provide utility relief in their jurisdictions.
- **American Rescue Plan Act, Local Fiscal Recovery Funds:** Through a federal formula allocation, the program non-entitlement cities with resources needed to:

- Replace lost public sector revenue, using the funding to provide government services up to the amount of revenue lost due to the pandemic;
 - Respond to the far-reaching public health and negative economic impacts of the pandemic, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts;
 - Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors;
 - Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet.
- Community Development Block Grant Disaster Recovery: In response to extraordinary impacts from disasters, Congress sometimes appropriates additional funding to the Community Development Block Grant Disaster Recovery (CDBG-DR) funding. This funding is not permanently authorized, and the statutory and regulatory requirements are specific to the CDBG-DR appropriation. Eligible disasters and any geographic restrictions are identified in the Federal Register Notice that governs the use of funds.

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