

CAPITAL PLANNING ADVISORY BOARD

2026 - 2032

Capital Planning System Reports

BRANCH:

Executive Branch

CABINET/FUNCTION:

Cabinet of the General Government

AGENCY:

Department for Local Government

MISSION AND PROGRAMS

The Department for Local Government, as outlined in KRS Chapter 147A, provides financial help through grants and loans, and advises local governments.

Mission: The Department for Local Government strives to empower Kentucky's local leaders with effective management, information, integrity, and stewardship of funding resources by promoting an environment of competition, innovation, opportunity and achievement.

The following offices operate within the Department for Local Government (DLG):

Commissioner's Office oversees work of DLG's 5 offices and oversees work of the Kentucky Infrastructure Authority, and under it the Office of Broadband Development, Kentucky Mountain Regional Recreational Authority, Kentucky Ohio River Regional Recreational Authority, and Kentucky Coal Field Endowment Authority, which are administratively attached to DLG. It also maintains relationships with state and federal agencies that deal with Kentucky local governments, the 15 Area Development Districts, and various associations.

Office of Financial Management and Administration provides technical assistance and oversight in areas of procurement and financial management to counties, cities, and special purpose governmental entities. It also provides support in personnel, property management, budgeting and financial operations, and processing some road aid payments.

Office of Federal Grants oversees the following: Community Development Block Grants, Appalachian Regional Commission, Delta Regional Authority, Recreational Trails, and Land and Water Conservation Fund.

Office of State Grants administers coal and mineral severance programs, Regional Development Agency Assistance, Joint Funding Administration, Area Development fund, and the Flood Control Matching Fund program.

Office of Field Services works to ensure constituent concerns are handled fully, fairly, maintains relationships with community leaders.

Office of Legal Services advises the Office of the Governor and DLG as to the financial oversight and regulation of local governments, as well as the administration of federal and state grant and loan programs. It provides legal and technical advice from regional, county, and municipal government officials, drafts and reviews proposed legislation and administrative regulations relating to DLG objectives.

FUNDING SUMMARY

Fund Source	2026-2028 Biennium	2028-2030 Biennium	2030-2032 Biennium	Total
General Fund	12,000,000	12,000,000	12,000,000	36,000,000
Total	12,000,000	12,000,000	12,000,000	36,000,000

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PLAN OVERVIEW

The Flood Control Matching Program (also known as the Local Match Participation Program) was first funded in the 1994-1996 budget to serve as the non-federal amount required for flood control projects sponsored by the U.S. Army Corps of Engineers. The 1998 General Assembly broadened the scope of the program to allow the funds to be used for any flood-related federal government grant or loan program that requires local matching funds (KRS 147A.029).

The Flood Control Matching Program uses state bond funds as grants to help local governments meet the cost share requirements associated with projects funded by federal sponsors. Some examples are (but not limited to) the U.S. Army Corps of Engineers (USACE), Federal Emergency Management Agency (FEMA), U.S. Geological Survey (USGS), Natural Resources Conservation Service (NRCS), and U.S.D.A. Rural Development (RD).

The local matching fund leverages federal funds for some USACE Section 202 projects at a ratio of 95 percent federal dollars to 5 percent state dollars. Flood projects that are not USACE Section 202 projects do not have a match ratio percentage requirement. The standard matching process requires a local match to go along with federal funds provided by a federal sponsor. The state flood control funds are used to assist local communities (grantees) with the required local match funds. With the exception of USACE Section 202 projects match requirement, DLG will assist funding the local match requirements by a rational percentage based on the amount of federal funds allocated for the total project.

The Commissioner of DLG administers and determines the disbursement of funds for the Flood Control Matching Program. DLG encourages the grantee to include as many funding sponsors possible including federal, state, and local agencies, private sector, and/or any entities that will benefit from the flood control project. The type of projects previously funded include, but are not limited to, acquisition and relocation of homes from flood-prone areas, construction and reconstruction of floodwalls and small dams, debris removal from creeks and small rivers and elevation of structures located in flood plains. The funds have also been used to participate in flood studies for future projects.

This program went unfunded for many years, but was funded by the General Assembly with \$6 million each fiscal year since FY 2022. As recent flooding events have impacted the Commonwealth, more communities are now evaluating the needs in their areas, and it is anticipated that the need for these funds will only grow.

DEPARTMENT FOR LOCAL GOVERNMENT
Proposed Projects Involving the General Fund (cash or bonds)
(amounts in **bold** are the total budget)

2026-2028 Biennium

(Projects listed by agency priority; descriptions are from the agency submission)

Flood Control Matching Fund

12,000,000 GF

The local matching fund has an established history of helping local governments and residents with their devastating flood losses. The federal government, through various agencies such as the Corps of Engineers (Corps), the Federal Emergency Management Agency (FEMA) and the Natural Resources Conservation Service (NRCS), provides flood damage reduction projects. These federal agencies require local governments to provide monetary match to the federal funding for both design and construction. This fund was established by the General Assembly to assist them in meeting the match requirements.

(GL)

CPAB Staff Notes

- *This is a routine request. The agency has historically used General Fund backed bonds to allocate dollars to local governments that can be used to match federal flood control project monies. The agency received authorization in the current budget to expend \$6,000,000 per year over the biennium, and they have requested \$6,000,000 in each year of the next three biennia.*

2026-2028 Biennium Total:

12,000,000

2028-2030 Biennium

Flood Control Matching Fund (GL)

12,000,000

2028-2030 Biennium Total:

12,000,000

2030-2032 Biennium

Flood Control Matching Fund (GL)

12,000,000

2030-2032 Biennium Total:

12,000,000