

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION EXECUTIVE COMMITTEE



June 28, 2023 – 1:30 p.m. ET

Virtual Meeting via ZOOM - <https://cpe-ky-gov.zoom.us/j/89129396618>

- I. **Call to Order and Roll Call**
- II. **Approval of Regulations for Healthcare Workforce Investment Fund**
- III. **Adjournment**

TITLE: Approval of Regulations for Healthcare Workforce Investment Fund

RECOMMENDATION: Staff recommends the Executive Committee approve 13 KAR 5:010, Healthcare Training Scholarships, and 13 KAR 5:020, Healthcare Program Incentives, on behalf of the full Council.

PRESENTERS: Travis Powell, CPE Vice President and General Counsel
Leslie Sizemore, CPE Executive Director of Healthcare Workforce Initiatives

SUPPORTING INFORMATION

Applicable Statutory Authority:

KRS 164.0401, KRS 164.0402, KRS 164.0403 and KRS 164.0403

Summary:

The Executive Committee reviewed 13 KAR 5:010, *Healthcare Training Scholarships*, and 13 KAR 5:020, *Healthcare Program Incentives*, then in draft form, and a delegation request during its June 7, 2023, meeting. At its June 9, 2023, meeting, the full Council approved the delegation request, granting the Executive Committee the authority to act on its behalf and approve the proposed regulations to meet the July 1, 2023, deadline for promulgation in accordance with House Bill 200 (2023). At the June 28 meeting, staff will discuss the attached regulations related to the Healthcare Workforce Investment Fund for consideration of approval.

History/Background:

Enacted during the 2023 Regular Session of the Kentucky General Assembly, House Bill 200 created the Kentucky Healthcare Workforce Investment Fund to be administered by the Council on Postsecondary Education (CPE) to enable CPE, postsecondary healthcare programs, and healthcare providers and facilities to match public and private dollars to award scholarships to eligible students and healthcare incentives to eligible healthcare programs. It is anticipated that funding for the programs will be in the next biennium.

The legislation requires CPE to reserve at least 65% of the fund for eligible healthcare scholarships and to establish a process to establish contractual partnerships as outlined in 13 KAR 5:010, *Healthcare Training Scholarships*. The bill also requires CPE to reserve up to 35% of the fund for healthcare program incentives and to establish a process to determine the criteria for issuance as outlined in 13 KAR 5:020, *Healthcare Program Incentives*. Administratively, the bill directs CPE to promulgate regulations by July 1, 2023 and requires that CPE submit draft regulations to the Interim Joint Committee on Education and the Interim Joint Committee on

Health, Welfare and Family Services 30 days prior for comment and consideration.

Pursuant to the requirements of the bill, now codified in KRS 164.0401-.0404, members of the statutorily-required committees were provided with draft regulations for review on May 19. Feedback was requested by June 19 in order to provide any necessary revisions to the draft regulations before the July 1 deadline. A webinar was held for multiple stakeholder groups on April 27 to discuss the legislation. A survey also was distributed to the public to capture feedback which informed the development of the regulations. Feedback now has been collected and compiled from the statutorily-required committees and stakeholders and was considered and incorporated in the attached revised regulations.

The next steps include:

- The promulgation (filing) of the administrative regulations by July 1 with the Administrative Regulation Review Subcommittee (ARRS) of the General Assembly;
- Future presentations will be held with stakeholders to explain the regulations in August;
- A public comment period will commence upon filing and conclude on September 30;
- A 90-day legislative committee review period (following the ARRS review);
- Unless deferred or found deficient, the regulations will go into effect in December 2023; and
- Each year the programs are in effect, a written report will be provided to the Council and statutorily-required committees no later than December 1 of each year to include an analysis of the healthcare scholarships and healthcare program incentives.

Budget Impact:

There will be an impact on CPE's budget as a result of these programs. KRS 164.0402(6) allows for a portion of the Healthcare Workforce Investment Fund to be expended towards the Council's costs to administer the programs; not to exceed 4% of all gross moneys in the fund or \$1,500,000 annually, whichever is less.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (New Administrative Regulation)

3 13 KAR 5:010. Healthcare training scholarships.

4 RELATES TO: KRS 164.0401, 164.0402, 164.0403

5 STATUTORY AUTHORITY: KRS 164.0402, 164.0403

6 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.0402 requires the Council on Postsecondary
7 Education to promulgate administrative regulations to administer the Kentucky healthcare workforce investment
8 fund. KRS 164.0403 requires the Council to set forth the requirements for partnership proposals between
9 healthcare providers and healthcare partners to provide healthcare training scholarships to Kentucky residents
10 enrolled in eligible healthcare programs in Kentucky. This administrative regulation establishes the Kentucky
11 Healthcare Training Scholarships, established in KRS 164.0402, designed to reduce the financial barriers of
12 Kentucky residents seeking high-demand eligible healthcare credentials.

13 Section 1. Definitions. (1) “Council” is defined by KRS 164.001(8).

14 (2) “Eligible healthcare credential” is defined by KRS 164.0401.

15 (3) “Eligible postsecondary institution” means an institution licensed by the Council or the Commission on
16 Proprietary Education to operate in Kentucky that offers a healthcare program.

17 (4) “Fund” means the healthcare workforce investment fund as established by KRS 164.0402.

18 (5) “Healthcare partner” is defined by KRS 164.0401(5).

19 (6) “Healthcare program” is defined by KRS 164.0401(6).

20 (7) “Kentucky resident” is defined by KRS 164.020(8).

21 (8) “Match” means general fund appropriation monies from the fund provided to the institution subject to

1 funds availability, based on at least a dollar-for-dollar contribution from the healthcare partner
2 pursuant to KRS 164.0402(3)(a).

3 (9) “Steering committee” means the healthcare workforce investment steering committee
4 established by the Council for the purpose of advising on issues related to healthcare training
5 scholarships, including determining funding allocations, defining partnership proposal criteria, and
6 making awards. The steering committee shall be comprised of a minimum of nine (9) members
7 who have experience in healthcare programs, healthcare workforce, state government, and a
8 minimum of one (1) member of the Council on Postsecondary Education. On making selections to
9 the committee, and to the extent possible, the Council shall ensure equal representation of the
10 experiences listed, and diversity in geography, healthcare program discipline, and size of
11 healthcare workforce provider.

12 Section 2. Notice of Funding Opportunities. (1) Each year that general fund appropriations are
13 available for distribution through the healthcare workforce investment fund, the Council shall
14 publish notice of availability of funding opportunities for partnerships and issue a request for
15 partnership proposals.

16 (2) The notice and request for partnership proposals shall include:

- 17 (a) The funding period;
- 18 (b) The date by which to submit a partnership proposal;
- 19 (c) The dollar amount of available matching funds;
- 20 (d) The partnership proposal evaluation criteria and relative weighting of each criteria;
- 21 (e) How to submit a partnership proposal; and
- 22 (f) The targeted date for making awards.

23 Section 3. Partnership Proposals. (1) To be eligible for funding, a partnership proposal shall

1 include:

2 (a) The participating healthcare partners and healthcare programs certified by the signature of
3 their respective chief executive officers and a designated point of contact and contact information
4 for each partner;

5 (b) Certification that the healthcare program is offered by an eligible postsecondary institution
6 or a Kentucky public high school or secondary career and technical center offering a healthcare
7 vocational program;

8 (c) The total proposed budget for the program, which includes the healthcare partner
9 contribution and the amount of healthcare workforce investment funds requested for match in
10 accordance with requirements set forth by the Council;

11 (d) A narrative explaining how the institution plans to use the healthcare partner contribution
12 and match from the fund to award healthcare training scholarships in eligible healthcare
13 credentials;

14 (e) A description of the healthcare program's plan for student recruitment, scholarship award
15 criteria, and selection process;

16 (f) An explanation of how the healthcare program shall increase student enrollment in eligible
17 healthcare credentials, program completion, and meet local, regional, or state workforce demands;

18 (g) An explanation of how the healthcare partner shall onboard and retain graduates;

19 (h) An explanation of how graduates shall be supported through their service obligations;

20 (i) A response to any other partnership proposal criteria as determined by the steering
21 committee;

22 (j) A description of how the partnership proposal shall meet the priorities set forth in KRS
23 164.0403;

1 (k) A statement of assurances that statutory requirements shall be satisfied as set forth in KRS
2 164.0403; and

3 (l) The amount of the healthcare partner's contribution certified by its chief financial officer
4 and supported by appropriate documentation.

5 Section 4. Evaluation Process. (1) The steering committee shall review and rank each
6 completed and timely submitted proposal on the extent to which the application meets the priorities
7 set forth in Section 3 of this administrative regulation.

8 (2) Once the proposals are evaluated and ranked, the steering committee shall consider the
9 distribution of funds to avoid a concentration in a small number of partnerships before determining
10 final amounts awarded and the number of awards to be made.

11 (3) Once award distributions are finalized by the steering committee and approved by the
12 Council, the Council shall notify the designated points of contact of the award.

13 Section 5. Partnership Awards. (1) Upon award, the Council, the healthcare partner, and
14 healthcare program shall enter into a partnership contract in accordance with the terms set forth in
15 KRS 164.0403.

16 (2) Once the partnership contract is finalized, the Council shall disburse from the fund moneys
17 deposited by the healthcare partner and the matching funds appropriated by the General Assembly
18 to the healthcare program.

19 Section 6. Responsibilities of the Healthcare Program. After an award is made and a
20 partnership contract is finalized, a healthcare program shall:

21 (1) Establish and enforce a healthcare training scholarship application and process for
22 solicitation, acceptance, and review of scholarship applications from students who are Kentucky
23 residents in collaboration with the partner healthcare partner;

- 1 (2) Encourage healthcare training scholarship applicants to complete the Free Application for
- 2 Federal Student Aid, if applicable;
- 3 (3) Establish healthcare training scholarship deadlines;
- 4 (4) Award healthcare training scholarships;
- 5 (5) Develop and administer a scholarship contract between the recipient and the healthcare
- 6 program in accordance with KRS 164.0403; and
- 7 (6) Meet any reporting requirements set forth in the partnership contract.

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 21, 2023 at 10:00 a.m. EST at the Council on Postsecondary Education, 100 Airport Road, Second Floor, Frankfort, Kentucky, 40601 in Conference Room A. Individuals interested in being heard at this hearing shall notify this agency in writing five workdays prior to the hearing of their intent to attend. If no notification to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 30, 2023.

Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

Contact Person: Sterling Crayton
Attorney
Council on Postsecondary Education
100 Airport Road, Second Floor, Frankfort, Kentucky 40601
Phone: 502.573.1555
Email: sterling.crayton@ky.gov

Date

Madison Silvert, Chair
Council on Postsecondary Education

APPROVED AS TO FORM:

Date

Sterling Crayton, Attorney
Council on Postsecondary Education

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation 13 KAR 5:010. Healthcare training scholarships.

Contact person: Sterling Crayton
Attorney
Council on Postsecondary Education
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(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes the Kentucky Healthcare Training Scholarships, established in KRS 164.0402, designed to reduce the financial barriers of Kentucky residents seeking high-demand eligible healthcare credentials.

(b) The necessity of this administrative regulation:

KRS 164.0402 requires the Council on Postsecondary Education to promulgate regulations to administer the Kentucky healthcare workforce investment fund. KRS 164.0403 requires the Council to set forth the requirements for partnership proposals between healthcare providers and healthcare partners to provide healthcare training scholarships to Kentucky residents enrolled in eligible healthcare programs in Kentucky.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

The administrative regulation conforms explicitly to the authorizing statute.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This regulation creates a process for issuing notice of funding opportunities, sets requirements for partnership proposals, creates an evaluation process, and a process for making awards as required by the statutes.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: N/A.

(b) The necessity of the amendment to this administrative regulation: N/A.

(c) How the amendment conforms to the content of the authorizing statutes: N/A.

(d) How the amendment will assist in the effective administration of the statutes: N/A.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

Public postsecondary institutions, private postsecondary institutions licensed by the Council on Postsecondary Education or the Commission on Proprietary Education, a Kentucky public high school, or secondary career and technical center offering a healthcare vocational programs that offer eligible healthcare credentials are all eligible to collaborate on a proposal with a healthcare partner. A healthcare partner is defined as a grantor to the Kentucky healthcare workforce investment fund that is a healthcare provider as defined in KRS 367.4081, a healthcare facility licensed by and operating in Kentucky, a qualified mental health professional as defined in KRS 202A.011, or any healthcare or healthcare-related association, individual, or corporation doing business in and incorporated under the laws of the Commonwealth as defined in KRS 164.0401(5). The number of both groups total in the hundreds. None are required to participate.

(4) Provide an analysis of how the entities referenced in section (3) of this subsection will be impacted by either the implementation of this administrative regulation, if new, or by the change if it is an amendment, including:

(a) A detailed explanation of the actions the entities referenced in paragraph (3) of this subsection will be required to undertake in order to comply with the proposed administrative regulation:

To be eligible for funding, a healthcare partner and healthcare program submit a partnership proposal. Upon proposal evaluation and subsequent award, the Council, the healthcare partner, and healthcare program shall enter into a partnership contract in accordance with the terms set forth in KRS 164.0403 and this regulation.

(b) An estimate of the costs imposed on entities referenced in paragraph (3) of this subsection in order to comply with the proposed administrative regulation:

The cost imposed on entities will not exceed the amount designated as their healthcare partner contribution. There will be some administrative cost in creating and submitting a proposal.

(c) The benefits that may accrue to the entities referenced in paragraph (3) of this subsection as a result of compliance:

Once the partnership contract is finalized, the Council shall disburse from the fund moneys deposited by the healthcare partner and the matching funds appropriated by the General Assembly to the healthcare program. This will allow the healthcare program to provide scholarships to students in programs offering eligible healthcare credentials as outlined in the partnership agreement. Healthcare partners who are employers can employ these individuals upon graduation for the period to fulfill their scholarship service requirements and hopefully beyond.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: See 4(b) above.

(b) On a continuing basis: See 4(b) above.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative

regulation?

CPE staff are currently funded from appropriations made by the General Assembly in the 2022-2024 budget. Moving forward, a portion of the general fund appropriations made to the healthcare workforce investment fund can be used for administration pursuant to KRS 164.0402(6).

- (7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

This regulation does not assess fees.

- (8) State whether this administrative regulation establishes any fees or directly or indirectly increases any fees:

This regulation does not assess fees.

- (9) TIERING: Is tiering applied? (Explain why or why not)

Tiering is not applicable because similarly situated entities are treated similarly under this administrative regulation. However, upon advice of the steering committee, the Council may create separate pools of funding to meet geographic healthcare and/or workforce needs.

FISCAL NOTE

Administrative Regulation 13 KAR 5:010. Healthcare training scholarships.

Contact person: Travis Powell
Vice President and General Counsel
Council on Postsecondary Education
Phone: 502.573.1555
Email: travis.powell@ky.gov

- (1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

The Council on Postsecondary Education and any eligible healthcare program offered by an eligible postsecondary institution, or a Kentucky public high school, or a secondary career and technical center offering a healthcare vocational program in Kentucky.

- (2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 164.0402, 164.0403

- (3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect:

- (a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

This regulation will not generate any revenue for state or local government.

- (b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

See 3(a).

- (c) How much will it cost to administer this program for the first year?

Initially and on an ongoing annual basis, we estimate expenses totaling roughly \$650,000 to include the addition of staff (and associated costs) with specific expertise to include backgrounds in healthcare, finance, and legal to stand up/maintain the program in addition to a program/project manager and program evaluation-related costs.

- (d) How much will it cost to administer this program for subsequent years?

See 3(c).

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): N/A.

Expenditures (+/-): N/A.

Other Explanation: N/A.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

This regulation will not directly generate any cost savings for the regulated entities, but will provide scholarships to students who may not have otherwise attended these programs and therefore could provide additional revenue to healthcare programs. Healthcare partners, while making significant contributions for the matching funds requirement, will be able to fill positions of need which should result in decreased employee recruitment costs and increased revenue.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

See 4(a).

(c) How much will it cost the regulated entities for the first year?

Upon receipt of a partnership award, regulated entities will incur some cost of administration and compliance, but those should be subsumed by current staff in their current duties and responsibilities.

(d) How much will it cost the regulated entities for subsequent years?

See 4(c).

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-): N/A.

Expenditures (+/-): N/A.

Other Explanation: N/A.

(5) Explain whether this administrative regulation will have a major economic impact to state and local government and regulated entities:

This regulation is not anticipated to have a major economic impact on state or local government or regulated entities. This regulation will provide healthcare training scholarships to Kentucky residents enrolled in healthcare programs in Kentucky. The potential economic impact is immensely positive.

Note: Per KRS 13A.010, "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (New Administrative Regulation)

3 13 KAR 5:020. Healthcare program incentives.

4 RELATES TO: KRS 164.0401, 164.0402, 164.0404

5 STATUTORY AUTHORITY: KRS 164.0402, 164.0404

6 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.0402 requires the Council on Postsecondary
7 Education to promulgate administrative regulations to administer the Kentucky healthcare workforce investment
8 fund. KRS 164.0404 requires the Council to set forth the requirements to provide healthcare program incentives
9 to reward performance and excellence among Kentucky’s healthcare programs. This administrative regulation
10 establishes the Kentucky Healthcare Program Incentives, established in KRS 164.0402, designed to reward
11 performance and excellence among the Commonwealth's healthcare programs.

12 Section 1. Definitions. (1) “Council” is defined by KRS 164.001(8).

13 (2) “Dedicated funds” is defined by KRS 164.0401(2).

14 (3) “Eligible postsecondary institution” means an institution licensed by the Council or the Commission on
15 Proprietary Education to operate in Kentucky that offers a healthcare program.

16 (4) “Fund” means the healthcare workforce investment fund as established by KRS 164.0402.

17 (5) “Grantor” is defined by KRS 164.0401.

18 (6) “Healthcare partner” is defined KRS 164.0401(5).

19 (7) “Healthcare program” is defined in KRS 164.0401(6).

20 (8) “Incentives” means healthcare program incentives as established by KRS 164.0404.

21 (9) “Kentucky resident” is defined by KRS 164.020(8).

1 (10) “Match” means monies from the fund provided to the institution on a dollar-for-dollar basis, subject to
2 funds availability, to the healthcare partner’s contribution pursuant to KRS 164.0404(1).

3 (11) “Steering committee” means the healthcare workforce investment steering committee established by the
4 Council for the purpose of advising on issues related to healthcare training scholarships, including determining
5 funding allocations, defining partnership proposal criteria, and making awards. The steering committee shall be
6 comprised of a minimum of nine (9) members who have experience in healthcare programs, healthcare
7 workforce, state government, and a minimum of one (1) member of the Council on Postsecondary Education.
8 On making selections to the committee, and to the extent possible, the Council shall ensure equal representation
9 of the experiences listed, and diversity in geography, healthcare program discipline, and size of healthcare
10 workforce provider.

11 Section 2. Healthcare Incentive Proposals without Dedicated Funds. To be eligible to receive funding, an
12 incentive proposal without dedicated funds shall include:

13 (1) The name of the requesting healthcare programs certified by the signature of their respective chief
14 executive officer and a designated point of contact with contact information;

15 (2) A narrative explaining how the healthcare program intends to use requested funds to support the
16 performance and excellence in its production of specific eligible healthcare credentials solely through funding
17 the areas outlined in KRS 164.0404;

18 (3) Certification that the healthcare program is offered by an eligible postsecondary institution or a Kentucky
19 public high school or secondary career and technical center offering a healthcare vocational program in
20 Kentucky;

21 (4) The total proposed budget for the incentive funds requested;

22 (5) Discussion of how the healthcare credentials aligns with Kentucky's high-demand workforce sectors
23 identified by the Kentucky Workforce Innovation Board and the Education and Labor Cabinet. If not aligned,

1 the healthcare program shall provide other verifiable proof of workforce demand for the healthcare credentials;

2 (6) An explanation of the program’s past five (5) years of data on student retention and graduation rates and
3 current efforts to retain and graduate students in applicable healthcare credentials;

4 (7) An explanation on how the program increased the average annual degree production in the credential
5 over the past five (5) years;

6 (8) A description of what career development or job placement programs are offered by the program;

7 (9) An explanation as to what learning experiences in simulated or clinical settings are offered by the
8 program;

9 (10) A description of what learning experiences are offered by the program to middle or high school students,
10 if any;

11 (11) Any relative data and analysis addressing the factors set forth in KRS 164.0404; and

12 (12) An explanation of how the program shall meet any other criteria determined by the steering committee.

13 Section 3. Incentive Proposals with Dedicated Funds. To be eligible to receive funding, an incentive proposal
14 with dedicated funds shall include:

15 (1) The criteria established in Section 2 of this administrative regulation;

16 (2) A statement of assurances that the healthcare program shall not violate any of the requirements set forth
17 by KRS 164.0404; and

18 (3) An explanation of how the program shall meet any criteria established by the grantor healthcare partner
19 as part of their contribution of dedicated funds.

20 Section 4. Evaluation Process. (1) The steering committee shall review and rank each healthcare program
21 proposal on the extent to which it meets the priorities set forth in Sections 2 and 3 of this administrative
22 regulation, as applicable. The steering committee may engage with a grantor healthcare partner in evaluating
23 incentive proposals with grantor criteria if required by the dedicated funds.

1 (2) Once the proposals are evaluated and ranked, the steering committee shall consider the distribution of
2 funds to avoid a concentration in a small number of programs before determining award distributions.

3 (3) Once awards distributions are finalized by the steering committee, the Council shall notify the designated
4 points of contact.

5 Section 5. Incentive Awards. (1) Upon award, the Council shall enter into a contract with the healthcare
6 program to distribute the funds. The contract shall include the requirements of KRS 164.0404 and any reporting
7 requirements set forth by the Council.

8 (2) Once the contract is finalized, the Council shall disburse from the fund moneys deposited by the
9 healthcare partner and the matching funds appropriated by the General Assembly to the healthcare program.

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 21, 2023 at 10:00 a.m. EST at the Council on Postsecondary Education, 100 Airport Road, Second Floor, Frankfort, Kentucky, 40601 in Conference Room A. Individuals interested in being heard at this hearing shall notify this agency in writing five workdays prior to the hearing of their intent to attend. If no notification to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 30, 2023.

Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

Contact Person: Sterling Crayton
Attorney
Council on Postsecondary Education
100 Airport Road, Second Floor, Frankfort, Kentucky 40601
Phone: 502.573.1555
Email: sterling.crayton@ky.gov

Date

Madison Silvert, Chair
Council on Postsecondary Education

APPROVED AS TO FORM:

Date

Sterling Crayton, Attorney
Council on Postsecondary Education

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation 13 KAR 5:020. Healthcare program incentives.

Contact person: Sterling Crayton
Attorney
Council on Postsecondary Education
Phone: 502.573.1555
Email: sterling.crayton@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes the Kentucky Healthcare Program Incentives, established in KRS 164.0402, designed to reward performance and excellence among the Commonwealth's healthcare programs.

(b) The necessity of this administrative regulation:

KRS 164.0402 requires the Council on Postsecondary Education to promulgate regulations to administer the Kentucky healthcare workforce investment fund and KRS 164.0404 requires the Council to set forth the requirements to provide healthcare program incentives to reward performance and excellence among Kentucky's healthcare programs.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

The administrative regulation conforms explicitly to the authorizing statute.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This regulation establishes the application process and requirements for issuing healthcare program incentives.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: N/A.

(b) The necessity of the amendment to this administrative regulation: N/A.

(c) How the amendment conforms to the content of the authorizing statutes: N/A.

(d) How the amendment will assist in the effective administration of the statutes: N/A.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

Any eligible healthcare program offered by an eligible postsecondary institution, or a Kentucky public

high school, or a secondary career and technical center offering a healthcare vocational program in Kentucky may be affected. There roughly over 100 of these entities total.

- (4) Provide an analysis of how the entities referenced in section (3) of this subsection will be impacted by either the implementation of this administrative regulation, if new, or by the change if it is an amendment, including:

- (a) A detailed explanation of the actions the entities referenced in paragraph (3) of this subsection will be required to undertake in order to comply with the proposed administrative regulation:

To be eligible to receive funding, healthcare programs must submit an incentive proposal. Upon proposal evaluation and subsequent award, the Council, shall enter into a contract with the healthcare program to distribute the funds. The contract shall include the requirements of KRS 164.0404 and any reporting requirements set forth by the Council.

- (b) An estimate of the costs imposed on entities referenced in paragraph (3) of this subsection in order to comply with the proposed administrative regulation:

There is no additional cost to entities.

- (c) The benefits that may accrue to the entities referenced in paragraph (3) of this subsection as a result of compliance:

Once the contract with the entity is finalized, the Council shall disburse from the fund moneys deposited by healthcare partners and the matching funds appropriated by the General Assembly to the healthcare program.

- (5) Provide an estimate of how much it will cost to implement this administrative regulation:

- (a) Initially: See 4(b) above.
(b) On a continuing basis: See 4(b) above.

- (6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation?

The healthcare workforce investment fund established by KRS 164.0402.

- (7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

This regulation does not assess fees.

- (8) State whether this administrative regulation establishes any fees or directly or indirectly increases any fees:

This regulation does not assess fees.

(9) TIERING: Is tiering applied?

Tiering is not applicable because similarly situated entities are treated similarly under this administrative regulation. However, dedicated funds may put some parameters about what types of healthcare programs can receive incentives. In addition, upon advice of the steering committee, the Council may create separate pools of funding to reward performance in particularly high need areas.

FISCAL NOTE

Administrative Regulation 13 KAR 5:020. Healthcare program incentives.

Contact person: Travis Powell
Vice President and General Counsel
Council on Postsecondary Education
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Email: travis.powell@ky.gov

- (1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

The Council on Postsecondary Education and any eligible healthcare program offered by an eligible postsecondary institution, or a Kentucky public high school, or a secondary career and technical center offering a healthcare vocational program in Kentucky.

- (2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 164.0402, 164.0404

- (3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect:

- a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

This regulation will not generate any revenue for state or local government.

- b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

See 3(a).

- c) How much will it cost to administer this program for the first year?

Initially and on an ongoing annual basis, we estimate expenses totaling roughly \$650,000 to include the addition of staff (and associated costs) with specific expertise to include backgrounds in healthcare, finance, and legal to stand up/maintain the program in addition to a program/project manager and program evaluation-related costs.

- d) How much will it cost to administer this program for subsequent years?

See 3(c).

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): N/A.

Expenditures (+/-): N/A.

Other Explanation: N/A.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

This regulation will not generate any cost savings for the regulated entities, but will provide revenue for those awarded incentives.

b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

See 4(a).

c) How much will it cost the regulated entities for the first year?

Duties related to this regulation will generally be assumed by designated entity staff members as part of their many other responsibilities. There are no additional costs to regulated entities.

d) How much will it cost the regulated entities for subsequent years?

See 4(c).

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-): N/A.

Expenditures (+/-): N/A.

Other Explanation: N/A.

(5) Explain whether this administrative regulation will have a major economic impact to state and local government and regulated entities:

This regulation is not anticipated to have a major economic impact on state or local government or regulated entities. This regulation will provide incentives to eligible healthcare programs for high performance and excellence which is anticipated to have a positive economic impact.

Note: Per KRS 13A.010, "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies.