

BOARDS AND COMMISSIONS

Board of Nursing

(Amendment)

201 KAR 20:390. Nursing Incentive Scholarship Fund.

RELATES TO: KRS 314.011, 314.025, 314.026, 314.027

STATUTORY AUTHORITY: KRS 314.026(1), 314.131(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 314.025 through 314.027 authorize the Kentucky Nursing Incentive Scholarship Fund for Kentucky residents. KRS 314.026(1) requires the Board of Nursing to promulgate administrative regulations to implement and administer the scholarship fund. This administrative regulation implements the Kentucky Nursing Incentive Scholarship Fund Program and establishes the requirements relating to the program.

Section 1. Definitions.

- (1) "Academic year" means~~[-]~~
 - ~~[(a)] [For a registered nursing or graduate nursing program,]~~ a twelve (12) month period beginning with a fall session~~[-, and]~~
 - ~~[(b)] [For a practical nursing program, the completion of the required program].~~
- (2) "Board" is defined by KRS 314.011(1).
- (3) "Graduate nursing education" means the pursuit of a master's degree, post-master's certificate, or doctoral degree.
- (4) "Initial year award" means the first Nursing Incentive Scholarship Fund award received by an individual.
- ~~(5)~~ "Kentucky resident" is defined by 13 KAR 2:045, Section 1(10).
- ~~(6)~~ ~~[(5)]~~ "Program of nursing" means a prelicensure, BSN completion, or graduate program of nursing~~[- program].~~
- ~~(7)~~ ~~[(6)]~~ "Subsequent year award" means any Nursing Incentive Scholarship Fund award other than an initial year award. ["Successful academic progression" means, except during the last academic year preceding graduation:-]
 - ~~[(a)] [For a prelicensure or BSN completion nursing program, the completion of a minimum of twelve (12) credit hours per academic year of published requirements for the program of nursing and maintenance of a minimum grade point average, which would allow continuation in a program of nursing; or]~~
 - ~~[(b)] [For a graduate nursing program, the completion of a minimum of nine (9) credit hours per academic year of published requirements for the program of nursing and maintenance of a minimum grade point average, which would allow continuation in the graduate program.]~~

Section 2. Application.

- (1) To be eligible for a nursing incentive scholarship, an applicant shall:
 - (a) Be a Kentucky resident;~~[- and]~~
 - (b) Have been accepted for admission to a program of nursing~~[-];~~
 - (c) Have attained a sufficient point ranking under Section 3 of this regulation for initial year award eligibility; and
 - (d) Have met the requirements in Section 4 of this regulation for subsequent year award eligibility.
- (2) An applicant shall submit:
 - (a) A completed Nursing Incentive Scholarship Fund Application on or before ~~[June 8]~~May 1;
 - (b) For initial year award applicants, a [A] copy of the [Student Aid Report from the]Free Application for Federal Student Aid (FAFSA) Submission Summary for the

current year, listing the applicant's Student Aid Index calculation, if requesting preference for financial need;

(c) A copy of the program of nursing acceptance letter verifying initial enrollment;

(d) For initial year award~~[newly enrolled nursing]~~ applicants, an official transcript from the last academic institution in which the applicant was enrolled for verification of GPA or copy of a GED; and

(e) For subsequent year award applicants, a document issued by the program of nursing verifying~~[applicants enrolled in a program of nursing, a copy of an official transcript to verify continued]~~ enrollment.

Section 3. Criteria for an Initial Year Award~~[Awards]~~. The board shall consider the following criteria in evaluating an application for an initial year award and shall allocate~~[award]~~ points as follows:

(1) Preference categories as established in KRS 314.025(2):

(a) Licensed practical nurses, fifteen (15) points;

(b) Registered nurses pursuing a bachelor's degree or graduate nursing education, fifteen (15) points;

(c) ~~[Prelicensure nursing]~~ Nursing students who have not been issued a nursing license, ten (10) points; and

(d) Financially needy Kentucky residents, up to thirty-five (35) points. Financial need shall be determined by the Student Aid Index (SAI) calculation listed on the applicant's Free Application for Federal Student Aid (FAFSA) Submission Summary for the current year,~~[estimated Federal Expected Family Contribution (EFC) as calculated by the annual FAFSA]~~ and points shall be awarded based on need-based aid eligibility as follows:

1. SAI ~~[EFC]~~ of negative \$1,500~~[\$0]~~ to \$3,500~~[\$5000]~~, thirty-five (35) points;

2. SAI ~~[EFC]~~ of \$3,501~~[500]~~ to \$8,500~~[10,000]~~, thirty (30) points; and

3. SAI ~~[EFC]~~ of \$8,501~~[10,001]~~ to \$18,500~~[20,000]~~, twenty-five (25) points;

(2) Potential for academic success, as follows: high school, vocational school, college, or university grade point average for whichever institution the applicant most recently attended:

(a) Three and five-tenths (3.5) to four (4.0), twenty-five (25) points;

(b) Three (3) to three and four-tenths (3.4), twenty (20) points; and

(c) Two and five-tenths (2.5) to two and nine-tenths (2.9), fifteen (15) points; and

(3) Potential for academic success when GED is earned in place of a high school diploma:

(a) A GED score of 601 to 800, twenty-five (25) points;

(b) A GED score of 501 to 600, twenty (20) points; and

(c) A GED score of 401 to 500, fifteen (15) points.

Section 4. Criteria for a Subsequent Year Award.

(1) Except as established in subsection (2) of this section, a past recipient of a Nursing Incentive Scholarship Fund award shall be eligible to receive a subsequent year award if the recipient:

(a) Is enrolled in a program of nursing;

(b) Is not in default as to a prior Nursing Incentive Scholarship award; and

(c) Submits to the board a completed Nursing Incentive Scholarship Fund Application on or before May 1.

(2) If combined awards to past recipients are projected to exceed the current fund balance, past recipient eligibility shall be based on level of education of the program of nursing in which the applicant is enrolled, first being a prelicensure LPN program of nursing, second being a prelicensure non-BSN RN program of nursing, third being a BSN program of nursing, and fourth being a graduate degree program of nursing.

Section 5. ~~{Section 4.}~~ Amount of Award.

(1) The board shall be notified by the board's fiscal officer as to the current fund balance prior to making an award.

(2)

(a) The board shall first make awards to those recipients who:

1. Received an award ~~previously~~~~[in the previous year]~~; and
2. Remain eligible to receive an award pursuant to ~~Sections~~~~[Section]~~~~2 and 4~~~~[6]~~ of this administrative regulation in the current year.

(b) If funds remain available after the awards are made pursuant to paragraph (a) of this subsection, the board shall make an award to other eligible applicants.

Section 6. ~~{Section 5.}~~ Procedure for Disbursement of Awards.

(1) Prior to disbursement of funds, each year that funds are disbursed, the recipient shall sign a Nursing Incentive Scholarship Fund Contract and Promissory Note.

~~(2)~~ Disbursement of funds shall be made directly to the recipient's [recipient] bank account via automated clearing house electronic funds transfer.

~~(3)~~ ~~{(2)}~~ Disbursement shall be made annually.

~~{(3)}~~ ~~{Each educational institution in which a student receiving a nursing incentive scholarship award is enrolled shall certify to the board no later than thirty (30) days from the beginning of each semester, that the recipient:}~~

~~{(a)}~~ ~~{Has enrolled; and}~~

~~{(b)}~~ ~~{Is in good standing in the nursing program.}~~

~~{Section 6.}~~ ~~{Continuing Eligibility Criteria.}~~

~~{(1)}~~ ~~{Except as established in subsection (3) of this section, a recipient of a nursing incentive scholarship shall be eligible to continue to receive an award if the recipient:}~~

~~{(a)}~~ ~~{Maintains successful academic progression through the program; and}~~

~~{(b)}~~ ~~{Submits to the board a completed Nursing Incentive Scholarship Fund Application on or before June 8.}~~

~~{(2)}~~ ~~{The educational institution shall immediately notify the board of a change in a recipient's enrollment status.}~~

~~{(3)}~~ ~~{An award recipient in a practical nursing program shall not be eligible for further awards from the Nursing Incentive Scholarship Fund while enrolled in that program.}~~

~~{Section 7.}~~ ~~{Disbursement Contract.}~~

~~{(1)}~~ ~~{Prior to disbursement of initial funds, the recipient shall sign a Nursing Incentive Scholarship Fund Contract.}~~

~~{(2)}~~ ~~{The recipient shall sign a Nursing Incentive Scholarship Fund Promissory Note for each year in which funds are disbursed.}~~

Section 7. ~~{Section 8.}~~ Repayment and Deferral.

(1) A recipient shall immediately become liable to the board to pay the sum of all scholarships received and the accrued interest on the scholarships if the recipient fails to complete the:

(a) Nursing program in which he or she is enrolled within the time established by the program of nursing; or

(b) Required employment as established in the contract.

(2) Written notification of demand for repayment shall be sent by the board to the scholarship recipient's last known address and shall be effective upon mailing.

(a) The board may agree to accept repayment in installments in accordance with a schedule established by the board.

(b) Payments shall first be applied to interest and then to principal on the earliest unpaid contracts.

(3) Repayment may be deferred in the case of disability, major illness, or accident that prevents a recipient from completing a program of nursing or being employed as a nurse in Kentucky.

(4) A student who ceases to be enrolled in a program of nursing prior to graduation may defer repayment for one (1) academic year~~[if the student fails to achieve successful academic progression]~~.

(a) ~~[This deferment shall apply for one (1) academic year.]~~

~~[(b)]~~ If the student fails to resume enrollment~~[achieve successful academic progression]~~ after one (1) academic year, monetary~~[that time]~~, repayment shall be due.

(b) ~~[(c)]~~ If the student resumes enrollment~~[achieves successful academic progression]~~ within one (1) academic year~~[the allotted time]~~, he or she may apply for a continuation award pursuant to Section 4~~[Section 6]~~ of this administrative regulation.

(5)

(a) If a deferment is requested, the recipient shall submit the request to the board on a Nursing Incentive Scholarship Fund Request for Deferral form.

(b) If the request for deferment is submitted pursuant to subsection (3) of this section, the Nursing Incentive Scholarship Fund Request for Deferral form shall be accompanied by a statement by a physician, advanced practice registered nurse, or physician's assistant.

(6) If a recipient fails to pass the licensure examination within two (2) years of graduation, the sum of all nursing incentive scholarships received by the recipient, and the accrued interest, shall become due and payable.

(7) If a court of competent jurisdiction determines that the recipient has defaulted and the funds are due and owing to the board, then the provisions of 201 KAR 20:370, Section 1(5), shall apply.

(8) An individual who has defaulted on a scholarship shall not be eligible to receive another scholarship until the defaulted scholarship has been repaid.

(9) The board may utilize the services of a third party for collection of sums owed pursuant to a Nursing Incentive Scholarship Fund Contract and Nursing Incentive Scholarship Fund Promissory Note, including reasonable attorney fees.

(10) After the board refers a debt to a third party for collection, a recipient shall not be eligible for deferment or to otherwise cure the recipient's breach, other than through payment of all sums owed to the board.

(11) Employment and repayment requirements specified in the contract and promissory note are not tolled or deferred as a consequence of a continuation of nursing education in a different degree program than was specified in the recipient's Nursing Incentive Scholarship Fund application; however, employment and repayment requirements are not activated when a recipient transfers to the same degree program at a different school.

Section 8. ~~[Section 9.]~~ Verification.

(1) Verification of employment as a nurse in Kentucky pursuant to the contract shall be submitted to the board when the recipient's employment commitment begins and when it is completed. A termination of employment prior to completion shall be reported to the board within thirty (30) days by the ~~[employer and the]~~ recipient.

(2) A recipient shall notify the board immediately of a change of name,~~[or]~~ address, school, or enrollment status in school.

Section 9. ~~[Section 10.]~~ Incorporation by Reference.

(1) The following are incorporated by reference:

(a) "Nursing Incentive Scholarship Fund Application", 06/24~~[05/23]~~;

(b) "Nursing Incentive Scholarship Fund Request for Deferral", 06/24~~[10/06]~~;

(c) "Nursing Incentive Scholarship Fund Contract", 06/24~~[10/13]~~; and

(d) "Nursing Incentive Scholarship Fund Promissory Note", 06/24~~[10/13]~~.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Board of Nursing, 312 Whittington Parkway, Suite 300, Louisville, Kentucky 40222, Monday through Friday, 8:30 a.m. to 4:30 p.m. This material is also available on the board's Web site at <https://kbn.ky.gov/document-library/Pages/default.aspx>.

AUDRIA DENKER, President

APPROVED BY AGENCY: June 20, 2024

FILED WITH LRC: July 9, 2024 at 12:05 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 23, 2024 at 10:00 AM at Kentucky Board of Nursing, 312 Whittington Parkway, Ste 300, Louisville, Kentucky 40222. Individuals interested in being heard at this hearing shall notify this agency in writing by September 16, 2024, five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. 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 through September 30, 2024. 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: Jeffrey R. Prather, General Counsel, Kentucky Board of Nursing, 312 Whittington Parkway, Suite 300, Louisville, Kentucky 40222, (502) 338-2851, Jeffrey.Prather@ky.gov. Or submit a comment at: <https://secure.kentucky.gov/formservices/Nursing/PendReg>.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Jeffrey Prather

(1) Provide a brief summary of:

(a) What this administrative regulation does:

It regulates a scholarship program under which eligible nursing students receive money in exchange for an agreement to work as nurses in Kentucky following their graduation. Recipients who accept the money but fail to work as a nurse in Kentucky must repay it. More specifically, the regulation sets application processes, award criteria, required terms, deferral requirements, and remedies in the event of breach by an award recipient for a Kentucky Nursing Incentive Scholarship (NISF).

(b) The necessity of this administrative regulation:

It is required by statute.

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

By setting processes and standards for NISF applications, awards, required terms, deferral requirements, and remedies in the event of breach by an award recipient.

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

By setting the processes and criteria applicable to awards, the terms required of recipients, and the procedures and standards applicable to deferral and noncompliance with the NISF contract.

(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:

The amendment eliminates the collection of transcripts of award recipients, and instead requires proof of continued enrollment and graduation. All award recipients will receive the same sum, conditioned upon proof of enrollment during the academic year. Part-time enrollment will now be allowed, if permitted by the program of nursing. The elimination of a requirement for "full time" credit hours triggers the removal of the one year cap on NISF eligibility for students in LPN prelicensure programs. The amendment clarifies the priority of past recipients during the selection process, already stated in §4(2) and §6(1) of the existing regulation, as applicable to all past recipients. Per this clarification, the §3 award selection criteria will only apply to applicants who have not previously received an award. Terminology and financial need ranking is adjusted pursuant to corresponding changes to the FAFSA Simplification Act of 2020. The amendments and corresponding MIR revisions clarify that, upon graduation, no deferral exists for recipients who enroll in another more advanced nursing program; however, the amendment recognizes part-time employment will satisfy work requirements. This approach furthers the goal of getting NISF recipients into Kentucky's nursing workforce, and clarifies recordkeeping and monitoring processes.

(b) The necessity of the amendment to this administrative regulation:

It is required in light of corresponding changes to the FAFSA Simplification Act of 2020, to correct ambiguities in the existing regulation, and the need for process improvements.

(c) How the amendment conforms to the content of the authorizing statutes:

The modifications simplify the scholarship award process and provide greater opportunities for nursing students and nurses to continue their nursing education while satisfying their scholarship commitment by working as nurses in the Commonwealth.

(d) How the amendment will assist in the effective administration of the statutes:

The existing regulation requires the collection of transcripts of award recipients and the monitoring of credit hours to verify both full time enrollment and "successful academic progression." This work is redundant, as it is already performed by the nursing schools as a component of their ongoing enrollment criteria. Per the amendment, award recipients will simply need to verify ongoing enrollment, graduation, passing the NCLEX, licensure, and their nursing work in the Commonwealth or deferral criteria.

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

The number of Kentucky Nursing Incentive Scholarships awarded each year depends upon funding levels: (a) FY24, 131; (b) FY23, 148; (c) FY22, 149; (d) FY21, 97; (e) FY20, 148.

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

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Under the existing regulation, award recipients must sign an NISF contract and promissory note when they receive their initial award payment, and are only required to sign a new promissory note when receiving a subsequent year payment. Per the amendment, award recipients will be asked to sign both a contract and a promissory note in conjunction with each annual award payment. Overall, the amendment provides NISF applicants and recipients greater flexibility by allowing part time enrollment and by allowing work obligations to be satisfied by part time employment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

The amendment does not alter the cost imposed upon award recipients. The only cost to scholarship recipients occurs in instances of breach or default, and the amendment does not alter such costs.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Compliant scholarship applicants may be eligible for scholarship funds.

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

(a) Initially:

There are not monetary costs associated with the implementation of the amendment, either initially or on an ongoing basis.

(b) On a continuing basis:

There are not monetary costs associated with the implementation of the amendment, either initially or on an ongoing basis.

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

Restricted funds obtained pursuant to KRS 314.027.

(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:

No fee increase is necessary.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

It does not.

(9) TIERING: Is tiering applied?

While ranking of all NISF applicants seeking an initial award occurs under §3 of the regulation, such ranking applies equally to all initial applicants. Tiering applies only in the unlikely instance that combined awards to past recipients are projected to exceed the current fund balance. In such instances, past recipient eligibility shall be based on level of education of the program of nursing in which the applicant is enrolled, first being a prelicensure LPN program of nursing, second being a prelicensure non-BSN RN program of nursing, third being a BSN program of nursing, and fourth being a graduate degree program of nursing. This tiering accounts for higher earning potential and lower need as students advance their nursing education.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 314.025, KRS 314.026, KRS 314.027. Additionally, the FAFSA Simplification Act of 2020 was passed by Congress on Dec. 27, 2020, as Title VII within the consolidated appropriations for the fiscal year ending September 30, 2021, amending 20 U.S.C. Ch. 18 1087kk-1087vv to alter need analysis thresholds and terminology under the Higher Education Act of 1965. As financial need criteria and terminology in 201 KAR 20:390 are premised upon federal law, the revisions in the FAFSA Simplification Act trigger corresponding changes in 201 KAR 20:390.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:

The Kentucky Board of Nursing.

(a) Estimate the following for the first year:

Expenditures:Each year, the agency seeks to disburse all restricted scholarship funds. The amendment will not impact expenditures.

Revenues:Deposits into the NISF restricted funds tied primarily to the total number of annual nursing license renewals. See, KRS 314.027(2). The amendment will not impact revenues.

Cost Savings:The reduction of personnel costs attained through the process streamlining achieved via the amendment will result in a corresponding increase in scholarship disbursements; however, the precise amount of the savings is not known.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

The impact on expenditures, revenues, or cost savings is the same in future years as in FY26.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):

None.

(a) Estimate the following for the first year:

Expenditures:N/A.

Revenues:N/A.

Cost Savings:N/A.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A.

(4) Identify additional regulated entities not listed in questions (2) or (3):

Scholarship applicants and recipients.

(a) Estimate the following for the first year:

Expenditures:Scholarship award recipients do not make expenditures pursuant to the regulation, except were default triggers repayment obligations. The amendment does not materially alter repayment obligations.

Revenues:Scholarship award recipients receive funding pursuant to the regulation, which helps defray the cost of obtaining a nursing degree. The

amendment will positively impact the total amount of scholarship funding available, by reducing personnel costs though the streamlining of monitoring requirements.

Cost Savings:The reduction of personnel costs will result in a corresponding increase in scholarship disbursements; however, the precise amount of the savings is not known.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

The impact on expenditures, revenues, or cost savings is the same in future years as in FY26.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

The passage of KRS 314.025-27 in 1990, and the corresponding promulgation of 201 KAR 20:390 in 1991 had a net zero impact on the Kentucky Board of Nursing, because they created a new revenue stream, and committed such funds entirely to eligible NISF scholarship award applicants to defray the costs of their nursing education. The only other withdrawals from the restricted funds are for NISF personnel costs and operating expenses. The amendment does not alter the fiscal impact of the regulation.

(b) Methodology and resources used to determine the fiscal impact:

Provided below is a statement of the operational costs, personnel costs, and total scholarship funds awarded for each of the past five fiscal years; however, the FY24 figures are subject to change as the fiscal year has not ended as of the filing of the amendment. FY2024 - Total scholarship disbursements 369,000; Operational costs 9,459.10; Personnel costs 60,332.44. FY2023 - Total scholarship disbursements 376,500; Operational costs 10,505.87; Personnel costs 99,937.98. FY2022 - Total scholarship disbursements 258,000; Operational costs 10,666.61; Personnel costs 21,335.37. FY2021 - Total scholarship disbursements 379,500; Operational costs 11,360.81; Personnel costs 23,032.16. FY2020 - Total scholarship disbursements 393,000; Operational costs 12,577.01; Personnel costs 14,435.91.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

This administrative regulation will not have a major economic impact.

(b) The methodology and resources used to reach this conclusion:

N/A.