

OFFICE OF THE GOVERNOR
Department of Veterans Affairs
Office of Kentucky Veterans Centers
(Amendment)

17 KAR 1:030. Nurse Loan Repayment Program.

RELATES TO: KRS 18A.190, 40.320, 314.011

STATUTORY AUTHORITY: KRS 40.325(2), 40.327

NECESSITY, FUNCTION, AND CONFORMITY: KRS 40.325(2) authorizes state veterans' nursing homes. KRS 40.327(1) and (5) requires the Department of Veterans' Affairs (KDVA) and the Kentucky Higher Education Assistance Authority (KHEAA) to create a Veterans' Affairs Nurse Loan Repayment Program (VANLRPP) for registered nurses and licensed practical nurses within the Department's employ. KRS 40.327(6) requires administrative regulations necessary to operate this program. This administrative regulation establishes the eligibility requirements, the application process, the selection criteria, and the award process for the Nurse Loan Repayment Program.

Section 1. Definitions.

- (1) "Full time" means working at least a forty (40) hour work week every week of the year, except for authorized and approved leave and holidays as established in KRS 18A.190.
- (2) "Licensed practical nurse" is defined by KRS 314.011(9).
- (3) "Registered nurse" is defined by:
 - (a) KRS 314.011(5); and
 - (b) Does not include nurse practitioners.
- (4) "Satisfactory employment" means employment in which the applicant does not have disciplinary or corrective actions during the year being certified and in which the applicant is not currently on a performance improvement plan at the time the application is submitted.

Section 2. Eligibility Requirements. To be eligible to apply for the program, an applicant shall:

- (1) Have a current Kentucky license as a registered nurse (RN) or as a licensed practical nurse (LPN);
- (2) Be currently employed as an RN or LPN on a full-time basis at a Kentucky Department of Veterans Affairs' state veteran nursing home;
- (3) Be a classified employee with status under KRS Chapter 18A; and
- (4) Have completed at least one (1) year of full-time, satisfactory employment performance as an RN or LPN at a KDVA's state veteran nursing home in the year preceding the application; and
- (5) If applying for loan repayment more than once, each application shall be consecutive to the prior application up to a maximum of four (4) consecutive applications and up to a maximum loan repayment for four (4) successful, consecutive applications of no more than \$40,000.
- (6) An applicant shall not have other unsatisfied contractual service obligations upon completing the Contract Between Nurse Loan Repayment Applicant and the Kentucky Department of Veterans Affairs.
- (7) An applicant shall not have an active military obligation.

Section 3. Application Process. Each eligible applicant shall complete a Veterans Affairs Nurse Loan Repayment Program (VANLRP) Application and submit:

- (1) The Veterans Affairs Nurse Loan Repayment (VANLRP) Application ~~between January 1 and March 31~~;
- (2) Documentation required to be attached to the Veterans Affairs Nurse Loan Repayment (VANLRP) application, including:
 - (a) A professional experience narrative;
 - (b) Educational loan debt information; and
 - (c) A copy of a current, valid Kentucky Nursing License;
- (3) One (1) copy of the KRS Chapter 18A annual performance evaluation, if any, which the applicant received for the immediate prior calendar year.

Section 4. Selection Process.

- (1) The selection panel shall consist of the executive director of the Office of Kentucky Veterans Centers (OKVC), the deputy executive director of OKVC, and the administrator of the state veterans nursing home where the applicant is employed.
- (2) Criteria for selection shall include:
 - (a) Availability of funding;
 - (b) The work performance of the applicant compared to other applicants; and
 - (c) The needs for additional nurses at the applicant's state veteran nursing home compared to the needs of the other state veterans nursing homes.

Section 5. Award Process.

- (1) Upon the selection panel awarding an applicant a loan repayment, the Commissioner of the Kentucky Department of Veterans Affairs shall issue an Award Letter to the applicant.
- (2) The Award Letter shall state the amount of loan repayment of up to twenty-five (25) percent of the applicant's loan balance up to a maximum of \$10,000 per application year.
- (3) KDVA and the applicant shall enter into a binding contract stating the terms of the loan repayment on the Contract Between Nurse Loan Repayment Applicant and the Kentucky Department of Veterans Affairs document.
- (4) OKVC shall notify the Kentucky Higher Education Assistance Authority to implement the repayment and the Personnel Cabinet to process the taxable amount through employee payroll.

Section 6. Appeals. Denial by the selection panel shall not be considered a sanction and shall not be appealable.

Section 7. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) "Contract Between Nurse Loan Repayment Applicant and the Kentucky Department of Veterans Affairs", ~~2024~~~~[2020]~~;
 - (b) "Veterans Affairs Nurse Loan Repayment Program (VANLRP) Application", ~~2024~~~~[2020]~~; and
 - (c) "Award Letter", ~~2024~~~~[2020]~~.
- (2) This material may be inspected, copied, or obtained at the Kentucky Department of Veterans Affairs, 1111 ~~B~~ Louisville Road, Suite B, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

This is to certify that the Executive Director of the Office of Kentucky Veteran Centers and the Commissioner of the Kentucky Department of Veterans Affairs have reviewed and recommended this administrative regulation prior to its adoption, as required by KRS 156.070(4).

MARK BOWMAN, Executive Director
WHITNEY ALLEN, Commissioner

APPROVED BY AGENCY: January 9, 2025

FILED WITH LRC: January 9, 2025 at 3:34 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Tuesday, March 25, 2025, at 11:00 Eastern Time at KDVA Headquarters Office, 1111 Louisville Rd., Suite B, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent 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 through March 31, 2025. 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: Juan Renaud, Deputy Commissioner, Office of the Commissioner, or Mark Bowman, Executive Director, 1111 Louisville Rd., Suite B, Frankfort, Kentucky 40601; phone (502) 782.5721 or (502) 564.9203; fax (502) 564.9240; email: Juan.Renaud@ky.gov or Mark.Bowman@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Juan Renaud or Mark Bowman

(1) Provide a brief summary of:

(a) What this administrative regulation does:

The administrative regulation outlines the terms and processes for KDVA's Veterans Affairs Nurse Loan Repayment Program (VANLRP) as required by KRS 40.327.

(b) The necessity of this administrative regulation:

KRS 40.325(2) authorizes state veterans' nursing homes. KRS 40.327(1) and (5) requires the Department of Veterans' Affairs (KDVA) and the Kentucky Higher Education Assistance Authority (KHEAA) to create a Veterans' Affairs Nurse Loan Repayment Program (VANLRPP) for registered nurses and licensed practical nurses within the Department's employ. KRS 40.327(6) requires administrative regulations necessary to operate this program.

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

The administrative regulation establishes the eligibility requirements, the application process, selection criteria, and awards process for VANLRPP as stipulated by KRS 40.327(6).

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

Like KRS 40.327, 17 KAR 1:030 provides eligibility requirements, the selection process, and the award process. 17 KAR 1:030 further clarifies relevant definitions, outlines limitations on appeals, and provides necessary information on the documents necessary to apply for VANLRPP: the application, the contract between the applicant and KDVA, and a sample award letter.

(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:

There are two revisions to the existing regulation. Pursuant to 17 KAR 1:030 Section 1(3)(a)-(b), a registered nurse is defined by KRS 314.011(5) and does not include nurse practitioners. The amendment will change the existing administration regulation by removing Section (b) in order to allow nurse practitioners to apply for VANLRPP. Pursuant to 17 KAR 1:030 3(1), applicants can only apply for VANLRPP between January 1 and March 31 of each year. The amendment will change the existing administrative regulation by removing the specific timeframe to allow applicants to apply for VANLRPP throughout the year.

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

The amendment to this administrative regulation is necessary because it allows KDVA to expand the number of applicants able to apply for VANLRPP and affords the applicants a year-round application cycle, while still complying with KRS 40.327.

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

The amendment to this administrative regulation conforms to the content of the authorizing statute by establishing the necessary provisions for registered nurses and licensed practical nurses within KDVA's employ to apply for VANLRPP. KRS 40.327 neither precludes nurse practitioners from making application for VANLRPP

nor determines when applications shall be accepted. Thus, the amendments are designed to address the practicalities of annual hiring and of different types of titles afford nurses in the nursing field.

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

The amendment will assist in the effective administration of the statutes by expanding the timeframe for employment of VANLRPP to address new nurses who are hired throughout the year and reach their first year of service. The amendment replaces the one time a year award, thus providing flexibility and more opportunities for recruitment and retainment of these critical positions.

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

Registered Nurses (RNs), Nurse Practitioners, Licensed Practical Nurses (LPNs), Eastern Kentucky Veterans Center (EKVC), Western Kentucky Veterans Center (WKVC), Thomson-Hood Veterans Center (THVC), Radcliff Veterans Center (RVC), and the Bowling Green Veterans Center (BGVC).

(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:

For RNs, Nurse practitioners and LPNs, they will be required to complete one year of satisfactory employment at one of KDVA's Veterans Centers. Once completed, they will need to apply for the program recognizing that application is for outstanding loans only, and not those previously repaid. If approved, they will need to sign a contract pursuant to KRS 40.327 and 17 KAR 1:030 to receive the award. At present, the Veterans Centers offer the program, so the amendment to 17 KAR 1:030 will result in an expanded timeframe for applications and awards as well as applications being accepted from Nurse Practitioners.

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

There is no cost to the entities identified in question (3) to expand VANLRPP, as it is already implemented. Presently, it is impracticable to quantify the cost associated with the expanded timeframe or additional nursing class. Pursuant to KRS 40.327(4) (e), "the total amount paid by the loan repayment program shall not exceed forty thousand dollars (\$40,000) for a maximum of four (4) consecutive full years of employment per person." Thus, each new approved applicant could cost the Commonwealth up to \$40,000 over 4 years, provided that those nurses continue their nursing careers at one of KDVA's Veterans Centers.

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

Nurses who focus their careers on serving Kentucky's veterans at one of KDVA's Veterans Centers will be the direct beneficiaries of VANLRPP, while KDVA and the Commonwealth will undoubtedly accrue the benefit of more effective recruitment, retention, nursing stability at the Veteran Centers, and long-term medical care availability for Kentucky's veterans residing in one of KDVA's Veteran Centers.

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

(a) Initially:

The initial projection, using a \$10,000 as the maximum repayment amount for any one applicant, is \$240,000, which will fund up to 24 applicants per year.

(b) On a continuing basis:

Depending on the staffing needs of KDVA's Veterans Centers, \$240,000 is the annual target figure, or \$480,000 over a biennium.

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

The source of the funding to be used for the implementation and enforcement of this administrative regulation funds KDVA's existing operational budget.

(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:

An increase in fees or funding will Not be necessary to implement this administrative regulation beyond continued budget support for funding of the Veteran Centers.

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

This administrative regulation will Not establish or increase any fees.

(9) TIERING: Is tiering applied?

Tiering is not applied because (1) the regulated entities are licensed nurses; (2) no non-licensed entities can apply; and (3) the goal of the regulation is to attract and retain qualified, quality nurses in the Commonwealth.

FISCAL IMPACT STATEMENT

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

RELATES TO: KRS 18A.190, 40.320, 314.011. STATUTORY AUTHORITY: KRS 40.325(2), 40.327.

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

The promulgating agency is the Kentucky Department of Veterans Affairs (KDVA), Office of Kentucky Veterans Centers (OKVC).

(a) Estimate the following for the first year:

Expenditures:\$240,000

Revenues:0

Cost Savings:Up to \$360,000/yr.

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

Expenditures and the potential cost savings will differ annually based on the number of applications and approved repayments.

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

N/A

(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):

N/A

(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

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

KDVA anticipates a cost savings by the decrease in turnover caused by the loss of qualified nursing staff, who find better opportunities through federal employment or in the private sector.

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

KDVA conducted an analysis of the costs associated with turnover caused by the loss of one (1) Board of Nursing qualified member of KDVA's nursing staff. Utilizing \$25,000.00/FTE as the turnover cost, the analysis encompassed: (1) estimating the recruitment cost; (2) the hiring process; and (3) the filling of missing shifts until the lost nursing staff's position could be replaced. The analysis demonstrated that the maximum VANLRPP award a nurse can receive during any one year is \$10,000.00 (which is, a cost to KDVA). If the nurse opts to continue their nursing career at one of KDVA's state veterans centers for one full year, that will reduce the turnover cost for that one position by \$15,000.00 (i.e., \$25,000-\$10,000 VANLRPP award = Positive \$15,000/FTE). If all of the 24 budgeted VANLRPP awards are given for one year, the total savings to the KDVA's state veterans centers will be \$15,000 x 24 = a \$360,000 benefit to KDVA.

(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)

Given the construct of the VANLRPP program, any expenditures will have a position impact on all affected entities.

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

Cost benefit analysis of comparing turnover cost by position versus the VANLRPP amount expended for one (1) member of the nursing staff over one (1) year.