

**KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**  
**Division of Student Financial Aid**  
**(Amendment)**

**11 KAR 12:030. Eligibility of beneficiary and participant.**

RELATES TO: KRS 164A.330

STATUTORY AUTHORITY: KRS 164A.310(14), 164A.325(9)

CERTIFICATION STATEMENT: This is to certify that this administration regulation complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164A.325(9) authorizes the board to promulgate administrative regulations necessary for the administration of the savings plan trust. KRS 164A.330 authorizes the Kentucky Educational Savings Plan Trust to enter into a participation agreement with a participant on behalf of a beneficiary. KRS 164A.380 provides that KRS 164A.300 to 164A.380 shall be construed liberally in order to effectuate its legislative intent and the powers granted shall be broadly interpreted to effectuate the intent and purposes. This administrative regulation establishes the eligibility criteria for a beneficiary and a participant to participate in the participation agreement.

Section 1. Beneficiary Eligibility. A beneficiary shall be a resident of any state.

Section 2. Participant Eligibility. A participant shall be a resident of any state.

Section 3.

(1) In order to participate in the Kentucky educational savings plan trust, a participant shall submit to the program administrator a mailed or electronically signed participation agreement, including the valid Social Security number or federal identification number of the beneficiary and the valid Social Security number or federal identification number of the participant.

(2) A state or local government agency or instrumentality or an organization described in 26 U.S.C. 501(c)(3) that establishes an account as part of a scholarship program shall submit to the program administrator the Social Security number of the recipient upon designation of the scholarship recipient.

Section 4. Incorporation by Reference.

(1) Kentucky Educational Savings Plan Trust Participation Agreement, July 2000, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Higher Education Assistance Authority, 1050 U.S. 127 South, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

*GREG ROUSH, Chair*

APPROVED BY AGENCY: June 12, 2025

FILED WITH LRC: July 11, 2025 at 8:25 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Wednesday, September 24, 2025, at 10:00 a.m. Eastern Time at 100 Airport Road, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) 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 canceled. This hearing is open to the public. Any person who attends 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 September 30, 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: Hon. Miles F. Justice, General Counsel, Kentucky Higher Education Assistance Authority, P.O. Box 798, Frankfort, Kentucky 40602-0798, phone (502) 696-7309, fax (502) 696-7293, email [mjustice@kheaa.com](mailto:mjustice@kheaa.com).

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person: David Lawhorn**

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

This administrative regulation establishes the eligibility criteria for a beneficiary and a participant to participate in the Kentucky Educational Savings Plan Trust.

**(b) The necessity of this administrative regulation:**

The administrative regulation is necessary to establish participate in the Kentucky Educational Savings Plan Trust.

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

The administrative regulation conforms to the content of the authorizing statutes by providing participation criteria for use in the administration of the Kentucky Educational Savings Plan Trust.

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

This administrative regulation assists in the effective administration of the Kentucky Educational Savings Plan Trust by providing participation criteria for the program.

**(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 will change the existing administrative regulation by providing for submission of the participation agreement by electronic means thus simplifying the application process for Trust participants.

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

This amendment is necessary to simplify the application process for Trust participants in order to increase program participation.

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

This amendment conforms to the content of the authorizing statutes by accurately setting forth the means by which an application for participation may be submitted.

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

The amendment will assist in the effective administration of the Kentucky Educational Savings Plan Trust by providing an alternative means to submit a participation agreement.

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

As of January 31, 2025, there were 24,895 participants in the Kentucky Educational Savings Plan Trust.

**(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:**

Potential program participants must submit the participation agreement in order to establish a KESPT account.

**(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 program participants in order to comply with this amendment.

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

As a result of compliance, participants will be able to establish an account under the program and participate therein.

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

**(a) Initially:**

There are no costs associated with the amendment to this administrative regulation.

**(b) On a continuing basis:**

See (5)(a) above.

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

The funds held in the Trust are private funds contributed by the participant. In accordance with KRS 164A.335, funds may be transferred from the Program Fund to an Administrative Fund for the purpose of paying operating costs associated with administering the trust.

**(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 increase in fees or funding will be necessary to implement the amendment to this administrative regulation.

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

This administrative regulation neither establishes any fees nor directly or indirectly increases any fees.

**(9) TIERING: Is tiering applied?**

NO. Tiering was not applied to the amendment of this administrative regulation. The concept is not applicable to this amendment of this administrative regulation. The administrative regulation is intended to provide equal opportunity to participate within parameters, and consequently does not inherently result in disproportionate impacts on certain classes of regulated entities or address a particular problem to which certain regulated entities do not contribute. Disparate treatment of any person or entity affected by this administrative regulation could raise questions of arbitrary action on the part of the agency. The "equal protection" and "due process" clauses of the Fourteenth Amendment of the U.S. Constitution may be implicated as well as Sections 2 and 3 of the Kentucky Constitution. The regulation provides equal treatment and opportunity for all applicants and recipients.

## 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 164A.310(14) and 164A.325, 26 U.S.C. 529.

**(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:**

KRS 164A.310 and 164A.325.

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

Finance and Administration Cabinet, Kentucky Higher Education Assistance Authority

**(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):**

**1. Expenditures:**

**For the first year:No additional expenditures will be required as a result of this amendment to the administrative regulation.**

**For subsequent years:Same as above.**

**2. Revenues:**

**For the first year:No additional revenues will be generated through this amendment to the administrative regulation.**

**For subsequent years:Same as above.**

**3. Cost Savings:**

**For the first year:No costs are associated with this administrative regulation.**

**For subsequent years:Same as above.**

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

There are no affected local entities.

**(b) Estimate the following for each affected local entity identified in (4)(a):**

**1. Expenditures:**

**For the first year:No expenditures will be required as a result of this amendment to the regulation.**

**For subsequent years:Same as above.**

**2. Revenues:**

**For the first year:No revenues will be generated through this amendment to the administrative regulation.**

**For subsequent years:Same as above.**

**3. Cost Savings:**

**For the first year:No costs are associated with this amendment to the administrative regulation.**

**For subsequent years:Same as above.**

**(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):**

The entities affected by the amendment to this administrative regulation are those who elect to participate in the KESPT program.

**(b) Estimate the following for each regulated entity identified in (5)(a):**

**1. Expenditures:**

**For the first year:**No expenditures will be required as a result of this amendment to the regulation.

**For subsequent years:**Same as above.

**2. Revenues:**

**For the first year:**No revenues will be generated through this amendment to the administrative regulation.

**For subsequent years:**Same as above.

**3. Cost Savings:**

**For the first year:**No costs are associated with this amendment to the administrative regulation.

**For subsequent years:**Same as above.

**(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)**

**(a) Fiscal impact of this administrative regulation:**

Since this administrative regulation merely defines applicable terms for the KESPT program and the forms to be utilized in accessing benefits, there is no fiscal impact.

**(b) Methodology and resources used to reach this conclusion:**

As noted, there is no fiscal impact on any of the affected entities as this regulation simply defines terms and prescribes the forms to be used for the KESPT program.

**(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):**

**(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13):**

This administrative regulation will not have a "major economic impact".

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

As discussed above, there is no fiscal impact from this administrative regulation.