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

201 KAR 37:010. Kentucky Veterans' Program Trust Fund, administration of fund.

RELATES TO: KRS 40.310(3), (7), 40.353(5), 40.460(2)(b), 141.444, 186.162(2), 186.168, 434.444(5)

STATUTORY AUTHORITY: KRS 40.310(3), (7), 40.353(5),~~[40.450(3),]~~ 40.460(2)(b)

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

NECESSITY, FUNCTION, AND CONFORMITY: KRS 40.450(3) requires the department to promulgate administrative regulations required for the effective administration of KRS 40.310 through 40.560. KRS 40.310(3) authorizes the Department of Veterans' Affairs to accept gifts, grants, and other contributions from a governmental unit and authorizes the department to administer these funds through the use of trust and agency accounts. KRS 40.310(7) requires the department to manage the fund and authorize expenditures once the board has approved a request for funds. KRS 40.460(2)(b) establishes the Veteran's~~[Veterans']~~ Program Trust Fund. This administrative regulation establishes a board of directors to administer the fund and establishes criteria for expenditures made from the fund.

Section 1. Definitions.

(1) "Board" means the Board of Directors of the Kentucky Veteran's~~[Veterans']~~ Program Trust Fund.

(2) "Commissioner" means the Commissioner of the Kentucky Department of Veterans' Affairs.

(3) "Fund" means the Kentucky Veterans' Program Trust Fund.

(4) "Honorably separated veteran" means an individual discharged or released from the military with an honorable discharge, a discharge under honorable conditions, or a general discharge.

Section 2. Expenditures and Fundraising.

(1) Upon board approval in accordance with this subsection and subsection (2) of this section, money appropriated from the fund shall be expended for a program or request that provides assistance that directly benefits a veteran, including the following veterans and activities:

(a) A homeless veteran;

(b) An indigent veteran in need of emergency assistance;

(c) An incarcerated veteran in need of emergency assistance that cannot otherwise be provided by the criminal justice system;

(d) A wounded, disabled, or other veteran who needs transportation to a VA medical facility and who cannot arrange for transportation because ~~[of a lack]~~of financial means;

(e) Assistance to a veteran to obtain employment through job fairs, training programs, job placement services, other similar programs, or a combination of these;

(f) A wounded or disabled veteran as determined by the U.S. Department of Veterans' Affairs, and including those veterans diagnosed with post-traumatic stress disorder arising from military service;

(g) A wounded or disabled veteran returning from combat in need of specialized therapeutic services that cannot be provided by the U.S. Department of Veterans'

Affairs or the Kentucky Department of Veterans' Affairs;

(h) Dissemination of veteran benefit information through circulars, brochures, and other media;

(i) Services or goods for a veteran who is a resident in a long-term care facility operated by the Kentucky Department of Veterans' Affairs that cannot otherwise be provided by the department but that will improve the veterans'~~[veteran's]~~ quality of life;

(j) Services or goods for state veterans' cemeteries operated by the Kentucky Department of Veterans' Affairs that cannot otherwise be provided by the department, but ~~[that]~~will enhance the dignity, solemnity, and respect shown for each veteran interred at the cemetery;

(k) Other assistance to ensure that each veteran interred in a state veterans' cemetery receives burial honors befitting of the veteran's service to the Commonwealth and country;

(l) Assistance to a veterans' service organization for training members to assist veterans; and

(m) Programs, events, educational initiatives, memorials, monuments, publications, exhibits, historical preservation projects, ceremonies, outreach activities, and other projects that bring public recognition and awareness to the sacrifices, needs, service, history, and contributions of Kentucky's veterans. Eligible projects may include, but are not limited to educational materials, historical research and publications, museum or traveling exhibits, digital preservation initiatives, oral history projects, public ceremonies, veteran recognition events, and other activities that preserve, commemorate, educate, or increase public awareness of the service and sacrifices of Kentucky veterans. ~~[Programs, events, memorials, monuments, and other projects that bring public recognition and awareness to the sacrifices, needs, and contributions of Kentucky's veterans.]~~

(2) Money appropriated from the fund shall not be expended for:

(a) Construction, renovation, or maintenance of a meeting hall, clubhouse, or similar facility for use by a veterans' organization;

(b) Entertainment costs;

(c) A benevolent or charitable endeavor that does not primarily benefit veterans;

(d) Support of a federally administered facility if the support is prohibited by law; or

(e) A program that is already funded by the state or federal government.

(3) Fundraising. If fundraising on behalf of the fund, the fund may accept a gift, donation, or grant from an individual, a corporation, or government entity.

Section 3. Board of Directors.

(1) The board of directors shall consist of eleven (11) members, including:

(a) The commissioner;

(b) The commissioner's designee from Kentucky Department of Veterans' Affairs;

(c) A member of the:

1. Joint Executive Council of Veterans Organizations of Kentucky; and
2. Governor's Advisory Board of~~[for]~~ Veterans' Affairs;

(d) A representative of the following organizations appointed by the Governor pursuant to subsection (3) of this section:

1. The American Legion, Department of Kentucky;
2. The Veterans of Foreign Wars, Department of Kentucky;
3. The Disabled American Veterans, Department of Kentucky;
4. AMVETS, Department of Kentucky; and
5. The Kentucky National Guard; and

(e) Two (2) at-large members appointed by the Governor.

(2)
(a) The commissioner shall serve as chair of the board of directors.
(b) The board of directors shall hold an election to fill the position of vice-chair.
(3)
(a) An organization specified in subsection (1)(d) of this section shall recommend two (2) members of that organization for appointment to the board of directors.
(b) The governor shall appoint one (1) member of each organization from the names submitted by the organization.
(4) At least one (1) member of the board of directors shall be an honorably separated veteran.
(5) Terms of members.
(a) Except in cases of retirement from the board, resignation, or other inability or unwillingness to serve, the initial appointments to the board of directors shall be as established in subparagraphs 1. through 3. of this paragraph.
1. A member appointed pursuant to subsection (1)(c) of this section shall serve for a period of three (3) years.
2. A member appointed pursuant to subsection (1)(d) of this section shall serve for a period of two (2) years.
3. A member appointed pursuant to subsection (1)(e) of this section shall serve for a period of one (1) year.
(b) Except in cases of retirement from the board, resignation, or other inability or unwillingness to serve, after the initial appointments established pursuant to paragraph (a) of this section, a member, if reappointed, shall serve for a period of three (3) years.
(c) A member shall serve until the member's successor is appointed.
(6) The board of directors shall:
(a) Meet at the call of the commissioner;
(b) Inform organizations represented on the board of each action considered or taken by the board;
(c) Review projects and recommend approval or disapproval;
(d) Prioritize projects;
(e) Investigate the need for a specific project or program;
(f) Establish guidelines for a project;
(g) Make a recommendation to the commissioner for the utilization and control of funds in the fund; and
(h) Prepare an annual report providing an accounting of the fund assets and financial activity for each fiscal year.
(7) The commissioner of the fund shall assign duties as appropriate to department staff or members of the board for the conduct of business by the board including maintaining the records of the fund that are required for the administration of the Veterans' Program Trust Fund and approved projects.
(8) Conflict of Interest
(a) A Director who has an actual or apparent conflict of interest concerning a request for funding shall disclose the nature of the conflict to the board before discussion of the request.
(b) A conflict includes, but is not limited to, circumstances in which the director:
1. Is an officer, Director, employee, or volunteer of the requesting organization;
2. Participated in the preparation or submission of the request;
3. Has a financial or fiduciary interest in the outcome of the request; or
4. Has any other relationship that would cause a reasonable person to question the director's impartiality.
(c) A director having a conflict of interest shall not participate in discussion, deliberation, or voting regarding that request and shall leave the meeting table during

the consideration of the request, except when requested by the chair solely to answer factual questions.

(d) Notwithstanding subsection (b), a Director serving as the Commissioner or Deputy Commissioner of the Kentucky Department of Veterans Affairs shall not be deemed to have a conflict of interest solely by reason of the Director's official position or responsibility for the administration or oversight of a program, activity, or function of the Department that is the subject of a funding request. The Commissioner or Deputy Commissioner may participate in the discussion, deliberation, and vote on such request in the performance or his or her official duties. This exception shall not apply when the Director has a personal, financial, fiduciary, or other private interest in the request that would otherwise constitute a conflict of interest under this section.

Section 4. Board Procedures.

(1) Board meetings shall be conducted in a civil and cordial manner:~~.~~ ~~[.]~~

(a) A quorum for voting purposes shall be reached upon six (6) directors being present.

(b) A request may be approved if a simple majority of those present vote in favor of the request.

(c) Except as provided in Section 3(8) of this administrative regulation, each director present shall vote either "yes", "no" or "abstain" on each request. A director who has disclosed a conflict of interest pursuant to Section 3(8) shall be recused from discussion and voting on the request, and the recusal shall be recorded in the minutes. ~~[Abstentions, votes indicating "present", and any other form of vote other than "yes" or "no" shall not be permitted.]~~

(d) In the case of a tie vote, the chair may call for more discussion and a second vote. If a tie results on the second vote, the request shall be tabled and only brought before the board by a new request at a future meeting.

(e) A director may provide procedural information to a prospective applicant or applicant regarding the application process. A director shall not advocate for or against any request outside of a duly convened meeting of the board. A director with a conflict of interest as provided in Section 3 of this administrative regulation shall not advise, assist in preparing, present, discuss, deliberate upon, or vote on the request. ~~[Each director may discuss procedural matters with an applicant prior to a board meeting, but shall not attempt to influence other directors on how to vote until the chair convenes the board meeting, the applicant makes a presentation, and discussion takes place.]~~

(f) "Procedural information" means information regarding application requirements, deadlines, submission procedures, and Board processes, but does not include advice concerning the content, competitiveness, or likelihood of approval of a specific funding request.

(g) ~~[(f)]~~ Votes on every issue shall be recorded in the minutes indicating the nature of the request, the final vote, the name of each voting member who voted, and how that member voted.

(2)

(a) When authorized by the chair and conducted in accordance with the Kentucky Open Meetings Act, KRS 61.805 to 61.850, the board may conduct meetings or permit individual members of applicants to participate through video teleconference or other interactive electronic communication technology that allows participants to hear one another simultaneously and permits the public to observe the meeting as required by law. A member of applicant participating by approved electronic means shall be considered present for purposes of establishing a quorum and voting. ~~[For alternatives to in-person voting, the chair shall authorize meetings via telephone conference call as well as proxy voting if the chair concludes special circumstances warrant an alternative such as the requester is outside the country or is disabled.]~~

(b) Any person, agency, or organization requesting funds from the Trust Fund shall present its request to the Board of Directors at a scheduled meeting. The presentation may be made in person or, with the approval of the chair, by video teleconference or other interactive electronic communication technology that permits the applicant and board members to communicate simultaneously. [Any person, agency, or organization requesting funds from the fund shall make a request in person to the Board of Directors at a scheduled board meeting unless the chair authorizes presentation by electronic means.]

(3)

(a) Once funds are authorized, the requesting person, agency, or organization shall file a written report detailing how the money requested fulfilled the purpose of the request[within thirty (30) days of fulfilling the purpose of the request].

(b) Funds shall not be transferred to the person, agency, or organization until the funds are immediately needed to satisfy the purpose of the request.

(c) Funds obligated but not expended within one (1) year of approval shall be returned to the Trust Fund unless, prior to the expiration of the one-year period, the recipient submits a written request for an extension demonstrating good cause. Upon recommendation of the board and approval by the commissioner, the period for expenditure may be extended for a specific period. If an extension is not granted, any unobligated or unexpended funds shall be returned to the Trust Fund, and a new request shall be submitted if the applicant wishes to continue the project. [Funds obligated but not used within one (1) year of approval shall be returned to the Trust Fund and a new request shall be submitted to the Board of Directors if the requesting party still seeks to undertake the project.] This is to certify that the Executive Director of the Office of Kentucky Veteran Services 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).

WHITNEY ALLEN, Commissioner
JUAN RENAUD, Deputy Commissioner
WILLIAM BONILLA, Staff Attorney III

APPROVED BY AGENCY: October 28, 2026

FILED WITH LRC: October 28, 226 at 1:45 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on January 21, 2027, at 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 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 January 31, 2027. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Whitney Allen, KDVA Commissioner or Juan Renaud. KDVA Deputy Commissioner, Phone: (502) 564-9203, Email: whitney.allen@ky.gov or juan.renaud@ky.gov

Subject Headings:Veterans Affairs Financial Responsibility Donations, Charitable

(1) Provide a brief summary of:

(a) What this administrative regulation does:
This administrative regulation simplifies administration of the Kentucky Veterans' Program Trust Fund.

(b) The necessity of this administrative regulation:
The administrative regulation updates conflict of interest, recusal, further explains programs which benefit veterans, allows for the modernization of meeting procedures, provides instruction for the handling of project delays or extensions.

(c) How this administrative regulation conforms to the content of the authorizing statutes:
This administrative regulation conforms to the content of the authorizing statutes by acknowledging KDVA's responsibility to establish an orderly process for implementation of the Kentucky Veterans' Program Trust Fund.

(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 statutes by clarifying the eligibility requirements for participation and implementation of the Kentucky Veterans' Program Trust Fund.

(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:
NA

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

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

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

(3) Does this administrative regulation or amendment implement legislation from the previous five years?No

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

(5) Provide an analysis of how the entities identified in question (4) 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 (4) will have to take to comply with this administrative regulation or amendment:

KDVA does not foresee a change in the administration of the Kentucky Veterans' Program Trust Fund.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

There are no additional costs.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

N/A

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

(a) Initially:

There are no additional costs.

(b) On a continuing basis:

There are no additional costs.

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

There are no additional costs.

(8) 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:

KDVA does not anticipate an increase in fees or funding.

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

KDVA does not anticipate an increase in fees or funding.

(10) TIERING: Is tiering applied?

Tiering is not appropriate in assessments undertaken with this administrative regulation because the requirements will be equally applied to all individuals or entities subject to the regulation. Disparate treatment of persons or entities subject to this administrative regulation would undoubtedly raise Constitutional inquiries of KDVA's arbitrariness based on the Fourteenth Amendment to the U.S. Constitution (i.e., the Equal Protection or Due Process clauses).

FISCAL IMPACT STATEMENT

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

The state statutes, federal statutes, or federal regulations that require or authorize the action taken by the administrative regulation include KRS 40.310 - 40.560 which requires the Kentucky Department of Veterans Affairs to promulgate administrative regulations concerning the establishment and administration of the Kentucky Veterans' Program Trust Funds.

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

The affected state units, parts, or divisions include the Kentucky Department of Veteran's Affairs as the promulgating agency.

(a) Estimate the following for the first year:

Expenditures:There are no additional costs. Revenues: There are no additional costs.

Revenues:NA

Cost Savings:There are no additional costs.

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

NA

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

(a) Estimate the following for the first year:

Expenditures:NA

Revenues:NA

Cost Savings:NA

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

NA

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

NA

(a) Estimate the following for the first year:

Expenditures:NA

Revenues:NA

Cost Savings:NA

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

NA

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

There are no fiscal impacts.

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

There are no fiscal impacts because the administrative regulation defines eligibility for admissions only.

(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)

NA

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

NA as there are no major economic impacts incurred with this regulation.