

TITLE: Approval of Regulations for Kentucky Aerospace, Aviation, and Defense Investment Fund

DESCRIPTION: Staff recommends the Executive Committee approve the proposed regulations for Aviation Training Scholarships and Aviation Equipment Grants, on behalf of the full Council.

STAFF CONTACTS: Sterling Crayton, Attorney
Travis Powell, Sr. Vice President and General Counsel

BACKGROUND INFORMATION

At its June 21, 2024, meeting, the Council delegated authority to the Executive Committee to review and approve on its behalf the proposed regulations for the Kentucky Aerospace, Aviation, and Defense Investment Fund in order to meet the August 1, 2024, deadline for promulgation in accordance with Senate Bill 127 (2024).

LEGISLATIVE ACTION

Enacted during the 2024 session of the Kentucky General Assembly, Senate Bill 127 created the Kentucky Aerospace, Aviation, and Defense Investment Fund to be administered by the Council on Postsecondary Education (CPE) to enable CPE and aviation industry partners to match public and private dollars to award scholarships to eligible students and equipment grants to eligible aviation programs. It is anticipated that funding for the programs will be appropriated in the next biennium.

The legislation requires CPE to reserve at least 65% of the fund for eligible aviation scholarships and to define a process for establishing contractual partnerships as outlined in 13 KAR 6:010, *Aviation Training Scholarships*. The bill also requires CPE to reserve up to 35% of the fund for aviation program equipment grants and to establish a process to determine the criteria for issuance, as outlined in 13 KAR 6:020, *Aviation Equipment Grants*. Administratively, the bill directs CPE to promulgate regulations by August 1, 2024, and requires that CPE submit draft regulations to the Interim Joint Committee on Education and the Interim Joint Committee on Transportation 30 days prior for comment and consideration.

Pursuant to the requirements of the bill, now codified in KRS 164.7011-.7021, members of the statutorily required committees were provided with draft regulations for review on June 28. Feedback was requested by July 29 in order to provide any necessary revisions to the draft

regulations before the August 1 deadline.

The next steps include:

- The promulgation (filing) of the administrative regulations by August 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/September;
- 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 2024; 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 aviation scholarships and aviation equipment grants.

BUDGET/IMPACT

Once funded, there will be an impact on CPE's budget as a result of these programs. KRS 164.7013 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 .5% of all gross moneys in the fund or \$75,000 annually, whichever is less.