

# CREATING OPPORTUNITIES FOR THE FUTURE

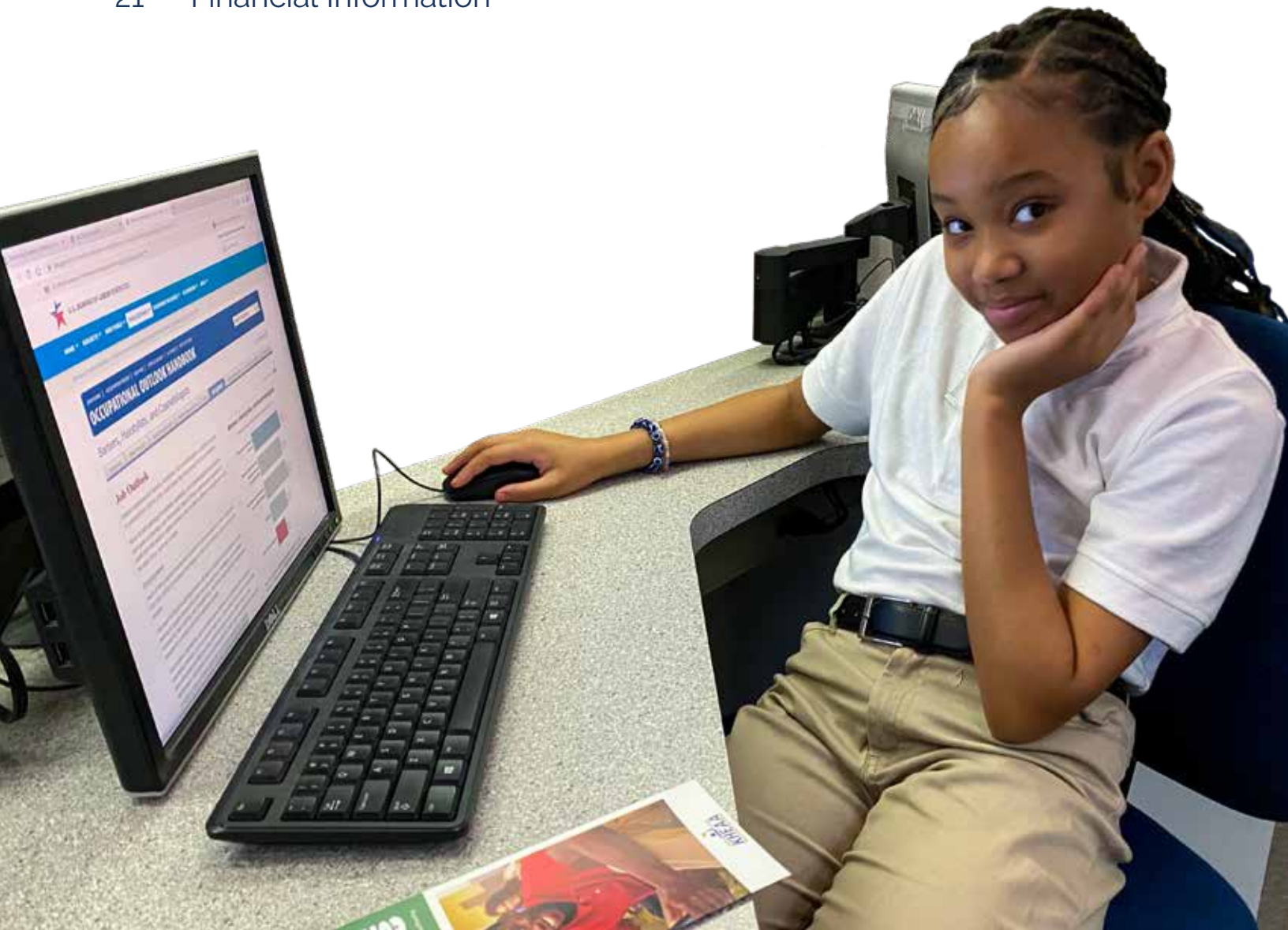


FISCAL YEAR 2023 ANNUAL REPORT



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# LETTER FROM THE GOVERNOR



## COMMONWEALTH OF KENTUCKY OFFICE OF THE GOVERNOR

**Andy Beshear**  
GOVERNOR

The State Capital, Suite 100  
700 Capital Avenue  
Frankfort, Kentucky 40601  
Phone: (502) 564-2611  
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Team Kentucky,

My administration will always put education first – that’s why I chose a former educator and high school basketball coach, Jacqueline Coleman, as my Lieutenant Governor.

Lt. Gov. Coleman and I want to encourage more and more Kentuckians to pursue credentials after high school, whether it’s through trade or technical school or a traditional four-year college degree, so they can take advantage of the new jobs and record-breaking economic investments we have coming our way. Fortunately, our Commonwealth has a wealth of opportunities for higher education available to help students achieve their goals and dreams.

I am proud that our commonwealth has agencies like the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) to serve as guides for students and their families as they navigate the pathway to postsecondary education. Together, these agencies work to deliver programs and services that help to carry out their shared mission of making higher education affordable and accessible for all Kentuckians.

KHEAA and KHESLC offer a variety of need-based grants, merit-based scholarships, state-based loan products and a college savings plan. Kentucky students and their families can access these valuable resources to work toward the next step in their educational journey. The dedicated staff also work tirelessly to educate students and families on the various student financial aid programs available and on how to apply for the resources that will maximize their ability to pay for college.

In addition, KHEAA and KHESLC provide the state’s only not-for-profit, private education loan, which offers families more savings through low fixed interest rates and no fees.

My administration will continue to advocate for Kentucky’s investment in education. With the service and commitment from KHEAA and KHESLC, we can make it possible for our people to receive the education they need to be competitive in today’s global economy. We can make it possible for them to build the lives and futures they want for themselves, for their kids, and for their grandkids.

As Governor, and also as a dad to two great kids who will be looking at colleges before I know it, I’m personally appreciative of KHEAA and KHESLC’s efforts and accomplishments this year.

Sincerely,

A handwritten signature in black ink that reads "Andy Beshear".

Andy Beshear

@GovAndyBeshear | GOVERNOR.KY.GOV



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# MESSAGE FROM LEADERS



John Dougherty



Jo Carole Ellis



Diana Barber

We are pleased to share the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) combined Fiscal Year 2023 Annual Report: Creating Opportunities for the Future.

FY23 was a productive and exciting year for KHEAA and KHESLC as we continued the important work of helping Kentucky students and families explore their postsecondary options and find the resources to help them pay for their educational endeavors. The essential services provided by our agency served to connect our stakeholders with the tools they needed to achieve their educational goals.

KHEAA and KHESLC continued to offer a robust range of higher education awareness, access, outreach, and financial literacy services throughout the Commonwealth. Outreach staff blanketed the state with postsecondary planning information through in-person workshops and exhibits and social media events for middle and high school students and families and adult learners returning to school. We also began extensive preparation to facilitate the transition to the simplified Free Application for Federal Student Aid (FAFSA) set to launch in December 2023, working with partner organizations at the state and national level to ensure a smooth rollout of the revamped FAFSA form and process.

In FY23, thanks to generous investment from the General Assembly, we provided roughly \$368.25 million in grants and scholarships to 139,300 Kentucky students pursuing postsecondary education. KHEAA also used the \$6 million received in General Fund support to successfully administer Kentucky's 13 grant and scholarship programs and support our extensive Outreach programming.

We are particularly proud of our ability to continue to provide low-cost education loans to Kentucky students through our Advantage Education Loan (AEL) program. In FY23, our AEL nexus volume (loans either made in Kentucky or to Kentucky residents out-of-state) rose by 17% (\$10.1M) compared to FY22 (\$8.6M), and non-nexus volume rose by an astonishing 134% for FY23 (\$45.6M) compared to FY22 (\$19.5M). That makes the growth at 98% overall for FY23 compared to FY22. This growth was made possible in large part due to the efforts of our Marketing department to increase advertising across Kentucky and within our licensed states.

Helping the students and families of the Commonwealth access and afford higher education remains at the core of our mission. We hope you find the following pages to be informative and insightful to the work we do to create opportunities for the future for all Kentuckians.

John Dougherty, Board Chair,

Jo Carole Ellis, Executive Director,

and

Diana Barber, Chief Operating Officer

## HISTORY

# FULFILLING EDUCATION DREAMS

The 1966 Kentucky General Assembly created KHEAA as a governmental agency to improve access to college and technical training.

KHEAA strives to expand educational opportunities by providing financial and informational resources that help Kentuckians attain their educational goals. KHEAA is attached to the Finance and Administration Cabinet for administrative purposes.

In 1978 the state legislature created KHESLC, an independent, *de jure* municipal corporation, to ensure Kentuckians have access to funds and to promote higher education opportunities by making, purchasing, and financing low-cost student loans.

KHEAA and KHESLC share the common mission of ensuring all students who want to further their postsecondary education are successful. Our vision is to connect all Kentuckians to higher education.

The agencies are governed by a shared board of directors appointed by the Governor. In addition, the President of the Association of Independent Kentucky Colleges and Universities, President of the Council of Postsecondary Education, Secretary of the Finance and Administration Cabinet, Commissioner of the Kentucky Department of Education, and Kentucky State Treasurer are voting members of the Board.

The Board appoints the Executive Director and adopts rules and regulations to govern agency operations. By statute, the Executive Director of KHEAA also serves as the CEO of KHESLC.

# LEADERSHIP

## LEADERSHIP TEAM

Jo Carole Ellis, Executive Director

Diana Barber, Chief Operating Officer

David Carlsen, Chief Financial Officer

Mary Lou Skelton, Chief Information Officer

David Bailey, Vice President of Guarantor Operations and School Services

Kim Dolan, Vice President of Government Relations, Communications and Outreach

Chris Thacker, Vice President of Asset Management

Theresa Hommrich, Vice President of Operations

April Johnson, Corporate Controller

Miles Justice, General Counsel

## BOARD OF DIRECTORS

John Dougherty, Jr., Chair, Louisville

Leslie Combs, Secretary-Treasurer, Retired State Legislator, Lexington

Greg Roush, Program Committee Chair, Retired High School Principal, Frankfort

Megan C. Bailey, Educator, Warren County Public Schools, Bowling Green

Andrew Brennen, Finance and Audit Committee Chair, Kentucky Student Voice Team, Lexington

Ellen Cartmell, Program Manager, Kentucky Department for Public Health, Maysville

Carl P. Rollins, Retired, KHEAA/KHESLC CEO/Executive Director, Midway

Rita Smart, Retired State Legislator, Richmond

David Son, Attorney, Louisville

Cathe Dykstra, Past Chair, CEO, Family Scholar House, Inc., Louisville

## EX OFFICIO MEMBERS

Mason Dyer, President, Association of Independent Kentucky Colleges and Universities, Frankfort

Allison Ball, State Treasurer, Frankfort

Aaron Thompson, President, Council on Postsecondary Education, Frankfort

Robin Fields Kinney, Interim Commissioner, Kentucky Department of Education, Frankfort

Holly M. Johnson, Secretary, Finance and Administration Cabinet, Frankfort

## GRANTS AND SCHOLARSHIPS

# MAKING DREAMS COME TRUE

KHEAA's grant and scholarship division continues to fulfill our mission of helping Kentucky residents achieve their educational goals. State funding is provided through multiple grant and scholarship programs administered by KHEAA. Eligible students can receive funding from more than one program, making college more affordable than ever through the combination of state and federal aid.

Kentucky's "Big 3" are the Kentucky Educational Excellence Scholarship (KEES), the College Access Program (CAP) grant, and the Kentucky Tuition Grant (KTG) program. KEES is Kentucky's incentive-based program that rewards academic achievement in high school and encourages the best and brightest students to stay in Kentucky for college. Students can earn a KEES award with a grade point average of 2.5 or higher, providing a great way for all Kentucky students to have a scholarship, and encouraging those who otherwise might not have considered going to college.

CAP helps students with financial need at any Kentucky college, and KTG assists students attending private or independent colleges.

KHEAA administers 11 other scholarship programs in addition to the Big 3. The Dual Credit Scholarship helps students take college courses for free while still in high school. The Work Ready Kentucky Scholarship is designed to assist adults and students prepare for the workforce in the state's five highest in demand job sectors. The Kentucky National Guard Tuition Award program provides full tuition coverage at state universities, and an equivalent at private colleges, for active members of the Kentucky National Guard. KHEAA's Teacher Scholarship program provides need-based assistance for students pursuing teaching credentials.

During FY23, KHEAA disbursed \$371.9 million to over 139,000 Kentucky students in the form of grants and scholarships.

Kentucky Lottery revenue funds nearly all state student aid awards disbursed by KHEAA.



## FY23 GRANT AND SCHOLARSHIP DISBURSEMENTS

| PROGRAM NAMES   | RECIPIENTS | DOLLARS       |
|---|------------|---------------|
| <u>Kentucky Educational Excellence Scholarship (KEES)</u> | 65,070     | \$111,414,220 |
| <u>College Access Program (CAP)</u>                       | 53,300     | \$171,667,550 |
| <u>Kentucky Tuition Grant (KTG)</u>                       | 13,100     | \$34,941,390  |
| <u>Work Ready Kentucky Scholarship</u>                    | 4,220      | \$13,484,800  |
| <u>Kentucky National Guard Tuition Award</u>              | 1,110      | \$7,974,000   |
| <u>Dual Credit Scholarship</u>                            | 26,510     | \$12,334,250  |
| Veterinary Contract Spaces                                | 160        | \$5,293,000   |
| <u>Innovative Scholarship Pilot Program</u>               | 487        | \$3,174,570   |
| <u>Work Ready Kentucky Dual Credit Scholarship</u>        | 20,910     | \$8,168,950   |
| Optometry Scholarship                                     | 50         | \$859,250     |
| <u>Teacher Scholarship*</u>                               | 160        | \$617,800     |
| Coal County Scholarship for Pharmacy Students             | 20         | \$168,000     |
| Early Childhood Development Scholarship                   | 370        | \$915,900     |
| Osteopathic Medicine Scholarship*                         | 20         | \$140,490     |
| Early Graduation Scholarship                              | 45         | \$92,250      |

\* Conversion loan program — figures are for new scholarships to students. Underlined programs are funded by the Kentucky Lottery.



## OUTREACH SERVICES

# HELPING STUDENTS REALIZE THEIR DREAMS

## KENTUCKY GOES TO COLLEGE

Kentucky Goes to College is KHEAA's one-stop site for its major college access initiatives: Kentucky College Application Campaign, FAFSA Completion Challenge, and College Decision Day. The [kygoestocollege.com](http://kygoestocollege.com) site offers resources for schools and organizations interested in enhancing their college-going culture through these proven initiatives.



The site offers a variety of resources, links, and activities to help school counselors, community leaders or college access providers implement one or more of these programs, as well as to help students who are going through the college application and financial aid processes. Schools or organizations that planned to host a Close the Deal, College Application Campaign, or College Decision Day program during the 2022–2023 school year were encouraged to register on the website. In addition to receiving some free promotional materials, registered schools received access to training webinars and the most up-to-date program news and announcements.

## KENTUCKY COLLEGE APPLICATION CAMPAIGN

This was the twelfth year that KHEAA sponsored the Kentucky College Application Campaign (KCAC). Kentucky's program is a part of the American College Application Campaign, a national effort to increase the number of first-generation and low-income students pursuing a college degree or credential by helping them complete admission applications.



**KY COLLEGE**  
application campaign

Applying to college can seem overwhelming to many students, particularly those who do not have an immediate family member who attended college. For those students, not having someone who can help them navigate the college application process can be enough to prevent them from pursuing postsecondary education.

By implementing the KCAC program, KHEAA and partnering agencies and high schools ensure that all seniors have the opportunity to receive hands-on assistance as they complete one of the biggest steps in the college access timeline. The program is designed to build excitement around the college application process and encourage seniors to take this important step toward continuing their post-high school education.

Schools that registered on [kygoestocollege.com](http://kygoestocollege.com) were given free promotional materials to help make their events special, including folders for students to organize application materials, "I Applied" stickers for students to wear after completing their applications, and posters to promote the event in the school and community. In addition, every school had access to an online toolkit on the website with a variety of resources to help administrators, counselors, and students.



Registered participants also received access to training opportunities via webinar, as well as timely program news and updates via email.

In an effort to spread the message of the program through social media, KHEAA also asked administrators, educators, students, parents, and the general public to post to Facebook and Twitter using the #whyapply, #iappliedky, and #kygoestocollege hashtags. Hundreds of posts used the hashtags, including posts from students touting their top college choices and schools showcasing their application events and activities.

Over 230 high schools participated in the event, reaching upwards of 45,000 seniors with admission application assistance. In addition, the site coordinators who responded to a post-event survey indicated that their students' ability to complete college admission applications was enhanced and that their schools' college-going rates were positively impacted by participating in KCAC.

Students who completed an online survey about KCAC after their school's program indicated that the program helped them to feel much more confident about filling out college admission applications and that the KCAC program at their school changed their likelihood of going to college after they graduate.



Keith Ritchie of KHEAA Outreach helps a student complete the FAFSA during a workshop at Northern Kentucky University.

## COLLEGE DECISION DAY

Schools across the state hold College Decision Day programs to celebrate and recognize seniors for making educational plans beyond the high school level. Decision Day events are typically held on or around May 1 and are designed to coincide with the date that most seniors must inform a college of their plans to enroll. College Decision Day is inspired by the NCAA's National Signing Day to reinforce that excellence in the classroom should be given as much recognition as athletic excellence.



**COLLEGE**  
decision day

The desire to recognize and celebrate all college-bound high school seniors, not just student-athletes, has gained momentum on the national level in recent years through the Reach Higher initiative and is supported by organizations like Better Make Room and American College Application Campaign. Over 200 schools registered to participate in the 2023 College Decision Day in Kentucky.

Most College Decision Day events take place in April or May and involve recognition for seniors from school and district leaders and a culminating moment when the students sign certificates indicating where they plan to go after high school. In recent years, many schools have expanded their celebrations to include all postsecondary pathways including college, trade and technical school, apprenticeship, military, and workforce.

## FAFSA COMPLETION CHALLENGE

The 2022–2023 school year marked the third year KHEAA conducted the FAFSA Completion Challenge. Public and private high schools in Kentucky were invited to join the Challenge to promote FAFSA completion for the class of 2023 and for the chance to win \$500 for their school. The goal of the Challenge is to reinforce the importance of FAFSA completion as a key step seniors need to complete to find out what resources they may receive to help pay for postsecondary education. The prizes incentivize schools to do what they can to encourage as many of their seniors as possible to file their FAFSA.

As a part of the Challenge, high school seniors were also given the opportunity to win one of several \$500 scholarships to help pay for educational expenses. To qualify, students had to complete a FAFSA and a brief entry form. Winners were selected by random draw.

The FAFSA for the Win Challenge ran October 1, 2022, through April 28, 2023. Schools tracked their progress on FAFSA completion through the FAFSA dashboard on [kygoestocollege.com](https://kygoestocollege.com). More than 225 high schools participated and more than 5,000 students registered for the scholarship drawing. School winners and student scholarship winners were determined and announced in May 2023.

## FAFSA SUPPORT

With the release of the 2023–2024 FAFSA on October 1, 2022, Outreach staff began providing FAFSA completion assistance at high schools, adult education centers, and community organizations all across their regions. Conducting FAFSA completion workshops is one of the most highly demanded

services provided by KHEAA Outreach, and collectively, Outreach counselors conducted more than 1,260 in-person FAFSA workshops during the fiscal year.



Central Kentucky Outreach Counselor Candis Tingle assists a student at Great Crossing High School with the FAFSA.



The Outreach staff assisted with over 5,000 2023-24 FAFSAs.

For the 2023–2024 FAFSA cycle, Kentucky ranked #15 in FAFSA completion among high school seniors nationally as of July 2023 (source: Form Your Future FAFSA Tracker). In addition, KHEAA's 2023–2024 FAFSA Completion Guide was utilized by schools and organizations across the Commonwealth as a resource to aid students and parents in successful FAFSA completion. The four-page guide was made available for download on [kheaa.com](https://kheaa.com) and hard copies could be requested through the online publication order form, as well as through Outreach staff. KHEAA also posted a line-by-line FAFSA tutorial on its YouTube channel for those who may need a more in-depth guide.

Throughout the spring and summer, Outreach counselors also spent a significant amount of time helping guide students and families through the FAFSA follow-up and verification processes, helping them make FAFSA corrections, submit necessary documentation to complete verification, interpret award letters from institutions, and other FAFSA-related support activities.

Outreach staff conducted over 170 one-on-one FAFSA follow-up and verification sessions in the 2022–2023 year.



## COLLEGE COACHES

KHEAA participates in the Kentucky College Coaches (KCC) Program, which is funded in part with a grant to the Kentucky Campus Compact through Serve Kentucky, the Commonwealth's State Service Commission. AmeriCorps members are placed to serve as near-peer college coaches in high schools across the state. Working with whole school populations in grades 9–12 and with a core group of up to 60–80 students at each high school, coaches provide services and resources that prepare high school students at our 31 participating sites for postsecondary opportunities. KHEAA selected the 32 sites by identifying public high schools with traditionally low college-going rates and high free-and-reduced lunch eligibility that were being served by few or no college access programs. The 2022–2023 academic year marked the thirteenth consecutive year that KHEAA has served as an intermediary partner in the KCC Program.

## KENTUCKY COLLEGE COACHES SCHOOLS FY23

Adair County High School  
Anderson County High School  
Belfry High School  
Breckinridge County High School  
Calloway County High School  
Casey County High School  
Christian County High School  
Edmonson County High School  
Fleming County High School  
Floyd Central High School  
Gallatin County High School  
Grant County High School  
Holmes High School  
Iroquois High School  
LaRue County High School  
Lynn Camp High School

Marion County High School  
McCracken County High School  
McCreary Central High School  
Meade County High School  
Nicholas County High School  
North Bullitt High School  
North Hardin High School  
Ohio County High School  
Powell County High School  
Southern High School  
Union County High School  
Valley Traditional High School  
Warren East High School  
West Carter High School  
Whitley County High School

## PROGRAM STATISTICS

- KCC core students were offered more than \$3.7 million in scholarships (this does not include grants or any other type of financial aid)
- 31 KHEAA KCCs served over 31,600 hours during their service term
- 95% of core seniors completed at least one college admission application
- 88% of core seniors completed the FAFSA



# COMMUNICATIONS

KHEAA produces and distributes free college and career resources to Kentuckians, school counselors, college admission and financial aid officers, adult centers, public libraries, and college fairs. These resources are also available on [kheaa.com](http://kheaa.com). Materials are targeted to specific audiences such as middle school, high school, and adult students. Others address specific topics such as financial literacy and financial aid programs. They include both federal and Kentucky-specific data.

**Adults Returning to School** is geared to nontraditional students. The book lists Kentucky colleges, degrees, and costs, and contains tips on going back to school and ways to locate funding.

**Affording Higher Education** lists more than 6,000 financial aid programs available to Kentucky residents or to students attending school in Kentucky.

**The College Circuit** contains information about careers, college preparation, student financial aid, and financial literacy. The booklet can be used by middle school and older students.

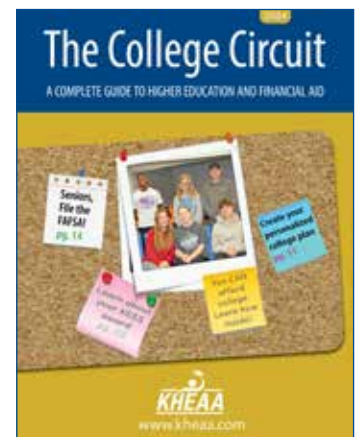
**Getting In** lists Kentucky colleges, the degrees offered, and the current year's costs. Copies are sent to high schools for distribution to all juniors. Portions of the book are available in audio on [kheaa.com](http://kheaa.com).

**Money 101: Introduction to Basic Finances** provides information on how to use money wisely. Topics such as credit scores, credit cards, savings and checking accounts, and identity theft are covered.

**Thriving in College** offers advice to students before and during their first few semesters of college. Topics such as dealing with roommates, how to study for exams, money management, and commuting to classes are covered.

**Your Guide to Private Education Loans** offers students an explanation of the differences between federal student loans and alternative or private student loans.

KHEAA also produces timely newsletters that go to specific audiences throughout the year. The KHEAA College Connection newsletter goes to high school students and their families. This is a very effective publication in reaching students and parents directly with needed information for preparing for college. Other newsletters go to school counselors and financial aid offices.

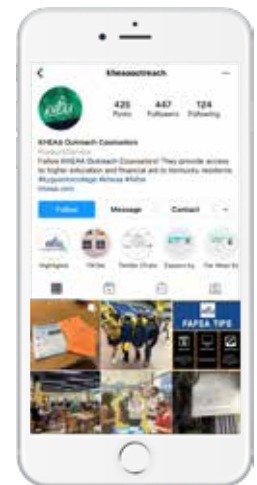
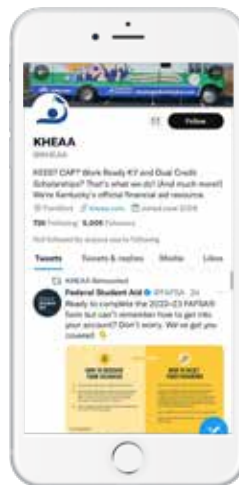


## SOCIAL MEDIA

KHEAA and KHESLC both have Facebook pages, Instagram, Linked In and Twitter accounts, as well as a YouTube channel. These social media sites are used to send information to our followers on important deadlines, current events as it impacts their educational funding, and other critical details pertinent to furthering their educational experiences.

### IMPORTANT FIGURES TO NOTE FOR FY23:

- KHEAA Facebook page reach rose 4.8 percent, page visits rose 164.2 percent
- Instagram followers rose 25.4 percent, profile visits rose 61.1 percent
- KHESLC Facebook page visits rose 34.5 percent
- [AdvantageEducationLoan.com](http://AdvantageEducationLoan.com) page followers rose 16.7% percent, page visits rose 80.8 percent



## SOCIAL MEDIA OUTREACH

Outreach staff utilizes KHEAA's social media presence to get information to students, parents, and college access professionals. Staff worked to provide live content on Facebook and Twitter several times a month to ensure all Kentuckians had access to valuable college planning information in the most convenient way possible. Outreach counselors also posted regularly on Instagram and created FAFSA tutorials and other helpful videos for the agency's YouTube channel.

Topics covered in live events included FAFSA completion, state and federal financial aid, college admissions, scholarships, career exploration, navigating the [kheaa.com](http://kheaa.com) website, test prep and even job opportunities at KHEAA. Outreach staff worked to create new content on a monthly basis for a variety of audiences and age ranges. Participants in the events could ask questions and receive live responses, and all content was available for viewing after the events for those who could not join live. Social media continues to be an efficient and effective way to reach students and parents.

# LEGISLATIVE UPDATE

## 2023 REGULAR LEGISLATIVE SESSION

The 2023 Regular Session resulted in the passage of a few bills by the General Assembly that impacted KHEAA and KHESLC and that will help to expand opportunities for the students and families who rely on financial assistance for postsecondary education.

**Senate Bill 54** expanded eligibility for the Kentucky Educational Excellence Scholarship (KEES) to students attending certain proprietary schools in Kentucky to pursue credentials in the same five workforce sectors as the Work Ready Kentucky Scholarship. KHEAA has been working closely with the Kentucky Commission on Proprietary Education to identify proprietary schools that qualify so they can communicate program details directly to their eligible students. Students at the Kentucky College of Art and Design will also qualify. Additionally, as a result of Senate Bill 54, KHEAA has been working closely with the Kentucky Community and Technical College System (KCTCS) to implement the expanded KEES eligibility for students in their Workforce Solutions program.

**House Bill 319** removed the aggregate limit on awards for the Teacher Scholarship Program and capped the maximum interest rate for those scholarships that convert to a loan. This program provides financial aid to Kentucky students pursuing teacher certification at participating Kentucky colleges. The passage of this bill means that as additional funding becomes available, KHEAA will have more flexibility to increase awards for students pursuing education credentials, and we will be able to continue to keep interest rates affordable.

Towards the end of FY23, the Kentucky Lottery Trust Fund Task Force began meeting as a special committee in the 2023 Interim Session. The goal of the Task Force is to evaluate the performance of the various scholarship and grant programs funded by the lottery trust fund, analyze the scholarship and grant needs expected for the Commonwealth for the immediate future, and develop and submit any recommendations and changes the task force may adopt relating to the lottery trust fund. At the first meeting in June 2023, KHEAA and KHESLC shared information about state student aid programs and will continue to engage with and inform the members of the Task Force as needed until recommendations are submitted in late 2023.

Looking ahead to the 2024 Regular Session, which will decide the state budget for the 2024-2026 biennium, KHEAA and KHESLC leadership will continue to work closely with our state legislators to advocate for the best interests of Kentucky students and families.

# ADVANTAGE EDUCATION LOANS

The Advantage Education Loan, the Advantage Parent Loan, and the Advantage Refinance Loan continue to be among the most competitive private (alternative) loans in the marketplace. In FY23, our total volume more than doubled over FY22's amount as the lending environment continued to return to more normal conditions with enrollment rebounding from the pandemic. Enhancements were made to the process to benefit students and families by simplifying and reducing the steps needed to complete the online borrowing experience. Through the efforts of marketing staff, 457 colleges and universities included the Advantage Education Loan and Advantage Parent Loan on their preferred lender lists in FY23, a 6% growth over the previous year.

## ADVANTAGE LOANS AT A GLANCE

- Interest rates are 4.49 to 8.04 percent for students and parents.
- Interest rates are 5.95 to 8.74 percent for refinance.
- Lending in 40 states.
- The website was enhanced to streamline online applications and processing.
- KHESLC owns, originates, and funds the loans.

**We have the tools to build THEIR future**

KHEAA and KHESLC offer low rates, no fees and flexible repayment terms. Smart loan options with outstanding benefits for your students — and their families:

- Student loans
- Parent loans
- Refinance/Consolidation loans

Talk with us about adding Advantage Education Loans to your school's lender list. Call 800-928-8926 or email [marketing@kheaa.com](mailto:marketing@kheaa.com) for more details.

**KHEAA KHESLC**

**ADVANTAGE**  
Education Loan

# SCHOOL SERVICES

## KHEAA VERIFY

KHEAA offers a web-based, full-service verification program to higher education institutions to fulfill the U.S. Department of Education's requirement that colleges must verify specific information reported on selected students' FAFSAs.

A college or university can contract with KHEAA to conduct the verification process on the school's behalf with KHEAA Verify. KHEAA verifies the student's and parent's information, collects the necessary documentation, and submits any corrections to the Central Processing System to create a new report for the student and the school.

This valuable service allows the school staff to focus on other pressing tasks. Students and their families can feel confident their information has been corrected and submitted and that the student's aid will be awarded in a timely manner.

## COHORT DEFAULT MANAGEMENT SERVICES

When students don't make payments on their federal student loans, they may eventually go into default. Defaulted federal loans not only impact the borrower but also the school that certified the loan.

Each year the U.S. Department of Education releases the Cohort Default Rate (CDR) for every school that receives federal aid. If a school's CDR is above 30 percent for three consecutive years, it cannot participate in any federal aid programs, which would be devastating for that school.

KHEAA's Cohort Default Management Service consists of two components to help schools manage and lower their CDR. These components are:

- **Early Intervention Service:** KHEAA staff contact students who have recently graduated, withdrawn, or dropped below half-time status. The students are advised that their student loans will be entering repayment soon and are given information about the different repayment plan options, deferments, and forbearances that are available.
- **Default Prevention Service:** Staff contact all borrowers in a school's cohort to explain the different repayment plan options, deferments, and forbearances available. The emphasis is to advise students of the steps they can take to avoid delinquency and defaulting on their loans.

KHEAA maintains contracts with nearly 40 schools for the Cohort Default Management Service. Staff contacted all borrowers at these schools over the course of the fiscal year on behalf of our contract institutions. During the payment pause on federal student loans, more emphasis was placed on informing borrowers regarding the status of the payment pause and on resources for managing the return to repayment.



# KY SAVES 529



Gov. Andy Beshear, second from right, proclaimed September as College Savings Month at a special event with officials from KHEAA, along with KY SAVES participants Brayleigh and Ronnie Nolan.

As FY 2023 began, the Kentucky Educational Savings Plan Trust (KESPT), known as KY Saves 529, entered its fifth year with Ascensus College Savings Recordkeeping Services, LLC, as program manager.

KY Saves 529 continues to benefit from a Kentucky-based Ascensus field consultant charged with marketing the program throughout the Commonwealth of Kentucky to businesses and individual families. For the year, the field consultant produced many leads that helped increase the number of companies (4% increase vs. FY2022) offering the KY Saves 529 program as an employee benefit. On a very positive note, the program saw a 15% increase in the number of employees participating in payroll deduction with their company. In FY 2023, KHEAA continued promoting Ky Saves statewide with agency employees and Outreach counselors working closely with the Ascensus consultant to reach out to more school systems, foundations, and other state agencies to more prominently endorse the program for all Kentuckians.



At the end of FY2023, KY Saves 529 had total assets of \$251.6 million. This represented a modest \$15.7 million increase in total fund value from year end 2022. A contributing factor in the lower program asset total, KY Saves 529 program participants withdrew \$23.5 million to help pay education costs in 2023.

The total number of accounts at the end of FY 2023 was 23,045. For the year, KY Saves 529 generated 1,668 new accounts, which represents the 8th best year for new account generation in the 33-year program history.

The affiliation with Ascensus continues to provide the opportunity for KHEAA to generate revenue to cover agency expenses in administering the program. For FY 2023, \$153,088 was generated by allotting seven basis points, charged to individual account owners, from the management fees of the program.

# KENTUCKY'S AFFORDABLE PREPAID TUITION

For Kentucky state fiscal year ending June 30, 2023, the Kentucky's Affordable Prepaid Tuition (KAPT) program had total investment assets of \$7.2 million. This represented a 58.1% decrease in fund value from FY 2022 primarily due to \$10.9 million in redemptions (cancellations and disbursements) by account owners. The total number of accounts at the end of FY 2023 was 1880, a 16.2% decrease in the number of open accounts from FY 2022. For the year, KAPT had 95 account cancellations/rollovers, which continues the trend as more and more accounts mature and beneficiaries complete college. In FY 2023, KAPT program staff continued outreach efforts to encourage legacy account owners to take action to close or rollover unused funds.

The KAPT investment fund, managed by State Street Global Advisors (SSgA), had a net-of-fee return of 2.21% for FY 2023.



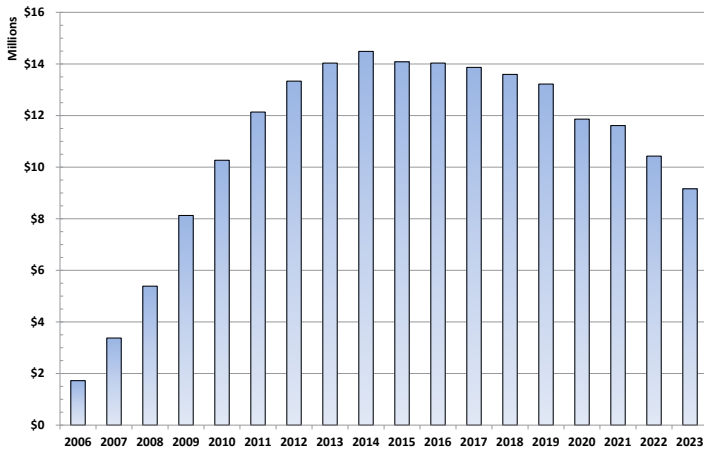
*Kentucky's Affordable Prepaid Tuition*

*"KHEAA has ensured KAPT has run effectively, efficiently and always been very responsive.*

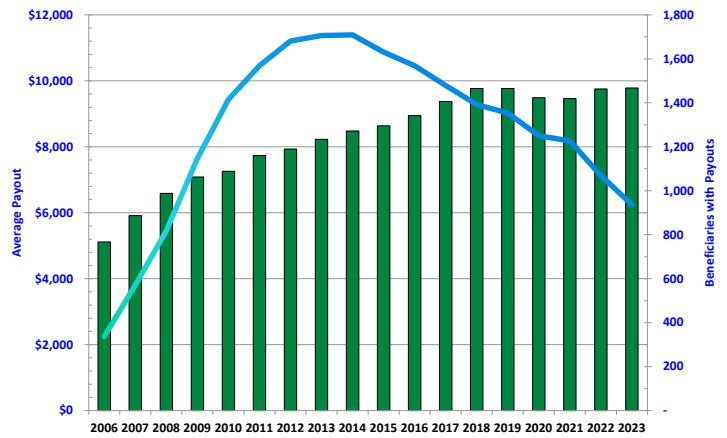
*I wish every government program was run as well as you run this one."*

**— A KAPT Participant**

## KAPT BENEFIT DISBURSEMENTS



Average Payout & Number of Beneficiaries



# FINANCIAL INFORMATION

As of June 30, 2023, and for the fiscal year then ended

Dollars expressed in thousands

|   | GOVERNMENTAL AND FIDUCIARY FUNDS |                           |  |                                       | PROPRIETARY FUNDS   |   |
|---|----------------------------------|---------------------------|--|---------------------------------------|---|---|
|   | Governmental Fund                | Federal Student Loan Fund | KHEAA<br>Kentucky's Affordable Prepaid Tuition | Kentucky Education Savings Plan Trust | KHESLC<br>Agency Operating Fund and Internal Service Fund | Operating Fund and Education Finance Fund |
| STATEMENT OF NET POSITION/FUND BALANCE              |                                  |                           |  |                                       |   |   |
| Current assets                                      | \$50,257                         | \$19,306                  | \$7,975  | \$251,844                             | \$83,708  | \$99,657                                  |
| Loans, net  |                                  |                           |  |                                       |   | 760,066                                   |
| Noncurrent assets                                   | 5,535                            | 2,888                     |  |                                       | 87,651  | 84,510                                    |
| Deferred outflows of resources                      |                                  |                           |  |                                       | 686   | 13,529                                    |
| Total assets and deferred outflows of resources     | 55,792                           | 22,194                    | 7,975  | 251,844                               | 172,045   | 957,762                                   |
| Current liabilities                                 | 105                              | 17,145                    | 8,143  | 230                                   | 1,929   | 53,961                                    |
| Noncurrent liabilities                              |                                  |                           | 32,755   |                                       | 6,526   | 808,499                                   |
| Deferred inflows of resources                       |                                  |                           |  |                                       | 1,723   | 18,819                                    |
| Total liabilities and deferred inflows of resources | 105                              | 17,145                    | 40,898   | 230                                   | 10,178  | 881,279                                   |
| Total net position                                  | \$55,687                         | \$5,049                   | \$(32,923)                                     | \$251,614                             | \$161,867   | \$76,483                                  |
| STATEMENT OF ACTIVITIES                             |                                  |                           |  |                                       |   |   |
| Program revenue/additions                           | \$354,595                        | \$128,374                 | \$193  | \$43,519                              | \$39,967  | \$19,920                                  |
| Direct expenses/deductions                          | 374,350                          | 128,871                   | (1,340)  | 27,802                                | 16,554  | 17,905                                    |
| Change to retirement Liabilities/Deferred Resources |                                  |                           |  |                                       | 1,247   | 25,482                                    |
| Total   | (19,755)                         | (497)                     | 1,533  | 15,717                                | 24,660  | 27,497                                    |
| Interfund transfers                                 |                                  |                           |  |                                       |   |   |
| Change in net position                              | (19,755)                         | (497)                     | 1,533  | 15,717                                | 24,660  | 27,497                                    |
| Net position at beginning of year                   | 75,442                           | 5,546                     | (34,456)                                       | 235,897                               | 137,207   | 48,986                                    |
| Net position at end of year                         | \$55,687                         | \$5,049                   | \$(32,923)                                     | \$251,614                             | \$161,867   | \$76,483                                  |



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