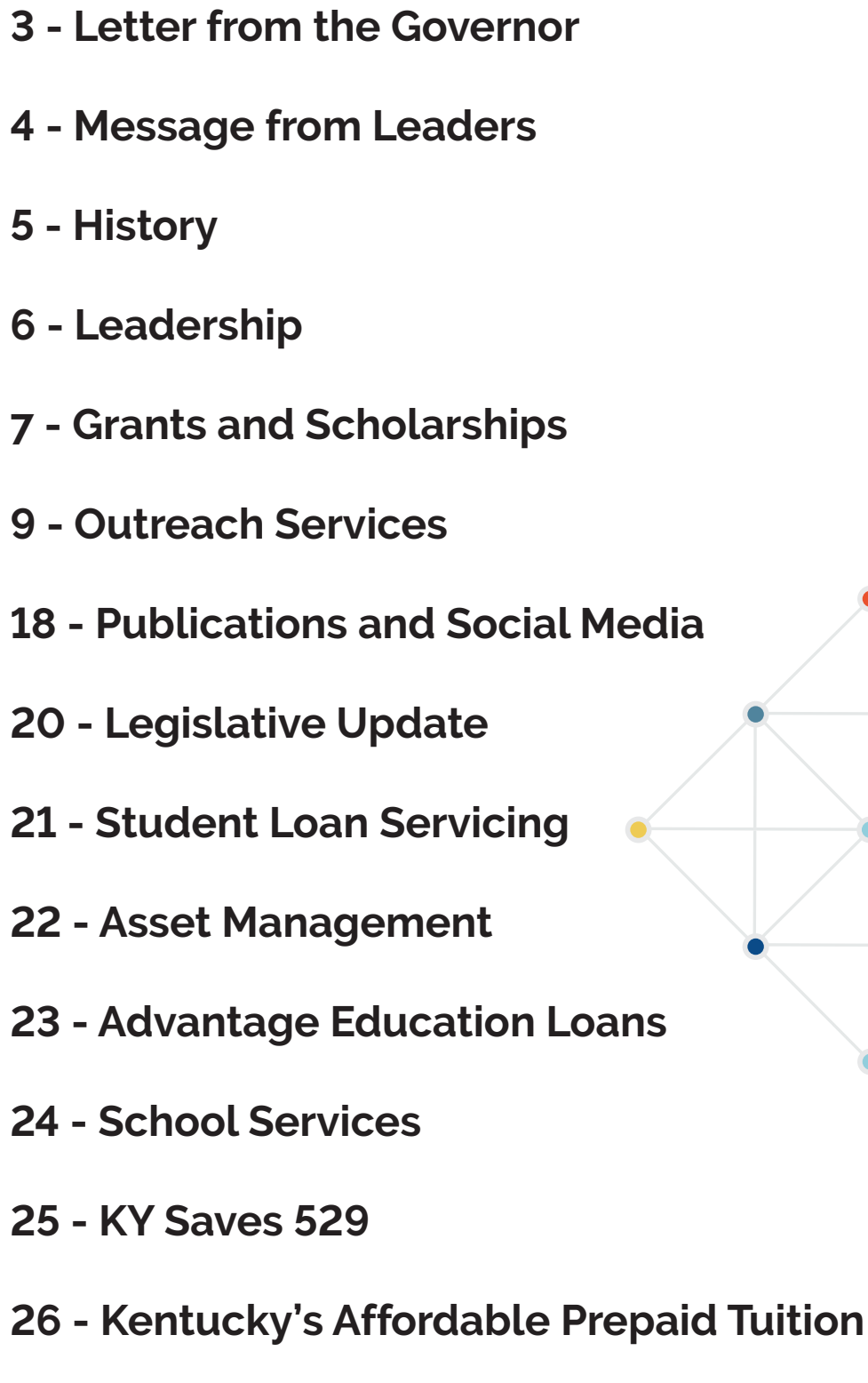


# PREPARING FOR TOMORROW

FISCAL YEAR 2022  
ANNUAL REPORT



# Table of contents



<b>3 - Letter from the Governor</b>
<b>4 - Message from Leaders</b>
<b>5 - History</b>
<b>6 - Leadership</b>
<b>7 - Grants and Scholarships</b>
<b>9 - Outreach Services</b>
<b>18 - Publications and Social Media</b>
<b>20 - Legislative Update</b>
<b>21 - Student Loan Servicing</b>
<b>22 - Asset Management</b>
<b>23 - Advantage Education Loans</b>
<b>24 - School Services</b>
<b>25 - KY Saves 529</b>
<b>26 - Kentucky's Affordable Prepaid Tuition</b>
<b>28 - Financial Information</b>

# 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  
Fax: (502) 564-2517

Dear Fellow Kentuckians:

Making education more accessible and affordable for Kentucky students is one of the top priorities of my administration. Students who take advantage of the many educational opportunities available after high school — whether it's technical school or the traditional college route — also help make the commonwealth's rising economic future even brighter.

I am pleased the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) are available to help students and families achieve their goals and dreams. These agencies are dedicated to giving Kentuckians the tools they need to prepare and pay for postsecondary education.

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 take advantage of these valuable resources to get the education they need to reach their goals. The dedicated staff can also counsel students and families through the process of applying for student financial aid to ensure they receive the maximum amount possible.

Additionally, 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.

With the support of agencies like KHEAA and KHESLC, Kentuckians have access to the resources they need to achieve their educational goals and to help make us even more competitive in today's global economy.

As Governor, I'm committed to investing in education as we continue to build upon the record economic growth and budget surpluses the commonwealth has seen in recent years. Together, we will expand opportunity and change lives to create a better Kentucky for our children.

Sincerely,

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

Andy Beshear  
Governor

# Message from leaders

## Preparing for Tomorrow

Welcome to the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation's (KHESLC) combined Fiscal Year 2022 Annual Report: Preparing for Tomorrow.

FY22 was a year of transition. As we continued to adapt to living with COVID precautions and efforts to keep our staff, their families, and loved-ones healthy and safe, we also prepared for the challenges stakeholder groups look to KHEAA and KHESLC for expert-level service and advice—helping students and families develop, pay for, and achieve their career, training, and postsecondary educational goals.

As a state agency and state-designated authority, KHEAA and KHESLC continued to provide higher education awareness, access, outreach, and financial literacy services through all available channels. We refined hybrid work schedules and remote ways of doing business. Outreach staff resumed visiting students and families in person, in schools and in community settings like the Kentucky State Fair, all while continuing to flourish in social media learning sessions and online chats. Trade associations representing service agencies like KHEAA and KHESLC split their membership engagements between in-person and online Hill visits and provided greater opportunity for staff engagement.

The Board of Directors and the Diversity Committee facilitated conversations about implicit bias and diversity, equity and inclusion through shared exercises with staff and renowned speaker, Pastor Edward Palmer. We also extended our commitment to serving the most-vulnerable populations in our state through the General Assembly's new Innovative Pilot Scholarship Program for refugees and international learning. Leadership continues to share feedback on removing educational barriers for all students through the state's Commonwealth Education Continuum and Adult Attainment Academy.

This past year, our work as a student loan servicer, guaranty agency, and lender continued to be completed with high-quality standards, as did the administration of federal and state scholarship and grant programs. In FY22, thanks to generous investment from the General Assembly, we provided roughly \$292 million to Kentucky students pursuing college. The General Assembly also saw fit to fund KHEAA Student Aid Services and Outreach operational costs at \$6 million in each year of the biennium.

We continue to educate others about sustainably financing higher education. Staff were successful in getting and maintaining the Advantage Education Loan and Advantage Parent Loan on preferred lender lists at a total of 431 schools within our licensed states. In conjunction with the Advantage Refinance Loan, we continue to take steps to grow our private loan portfolio, and a cosigner release benefit was updated.

Kentucky's college-going and college-bound citizenry remain at the core of our mission and KHEAA and KHESLC will continue to promote college affordability with local, state, and federal leaders to ensure we are structured to help as many students, families, colleges, and universities as possible. We hope you find the following pages to be informative and impactful.

Cathe Dykstra, Board Chair

and

Diana Barber, Interim Executive Director/Chief Executive Officer



Cathe Dykstra



Diana Barber

# History

## The groundwork for 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.

The Asset Resolution Corporation (ARC) was established in 2012 to promote higher educational opportunities by providing debt resolution services for student loan obligations.

KHEAA, KHESLC, and ARC 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. The Vice President of Asset Management serves as the Chief Operating Officer of ARC.

# Leadership

## LEADERSHIP TEAM

Diana Barber, Interim Executive Director

David Carlsen, Chief Financial Officer

Mary Lou Skelton, Chief Information Officer

David Bailey, Vice President of Guarantor Operations and School Services

Erin Klarer, Vice President of Government Relations

Chris Thacker, Vice President of Asset Management

Theresa Hommrich, Vice President of Operations

April Johnson, Corporate Controller

Brittany Christy, Director of Internal Audit

## BOARD OF DIRECTORS

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

John Dougherty, Jr., Chair-Elect, 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

## EX OFFICIO MEMBERS

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

Allison Ball, State Treasurer, Frankfort

Aaron Thompson, President, Council on Postsecondary Education, Frankfort

Jason Glass, 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 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.

The College Access Program Grant helps students with financial need at any Kentucky college and the Kentucky Tuition Grant assists students attending private or independent colleges.

KHEAA administers 11 other scholarship programs besides the big 3. Some of these include the Dual Credit Scholarship that 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 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 FY22, KHEAA disbursed \$291.8 million to over 130,000 Kentucky students in the form of grants and scholarships.

Kentucky Lottery revenue funds nearly all state student aid awards disbursed by KHEAA. All costs in administering student aid programs are paid for by KHEAA/KHESLC, which ensures that every state-appropriated dollar goes directly to students.



*Fueling Imagination.  
Funding Education.*

## FY22 Grant and Scholarship Disbursements

PROGRAM NAMES	RECIPIENTS	DOLLARS
Kentucky Educational Excellence Scholarship (KEES)	66,800	\$114,131,500
College Access Program (CAP)	53,960	\$106,605,000
Kentucky Tuition Grant (KTG)	13,740	\$33,867,700
Work Ready Kentucky Scholarship	3,730	\$10,485,000
Kentucky National Guard Tuition Award	1,110	\$7,622,200
Dual Credit Scholarship	19,160	\$6,545,000
Veterinary Contract Spaces	160	\$5,360,000
Work Ready Kentucky Dual Credit Scholarship	15,400	\$4,720,200
Optometry Scholarship	50	\$788,600
Teacher Scholarship*	150	\$587,500
Early Childhood Development Scholarship	370	\$915,900
Osteopathic Medicine Scholarship*	20	\$147,200
Early Graduation Scholarship	50	\$100,000

\* Conversion loan program — figures are for new scholarships to students



# 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: Close the Deal, Kentucky College Application Campaign, FAFSA for the Win 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 2021–2022 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.

Due to the continued impact of the COVID-19 pandemic, some schools that participated in these campaigns conducted virtual programs. Though participation from both schools and students rebounded from the previous year, it was still down compared to pre-pandemic years. KHEAA Outreach continued to support schools and students with virtual presentations and workshops, webinars, one-on-one appointments, and live social media events to supplement when in-person programming was not possible.

## Close the Deal



KHEAA's Close the Deal (CTD) is a one-day program that helps high school students prepare to make the transition to life after high school by arming them with knowledge about college and career exploration and the college admission and financial aid processes. Schools, community leaders, and business representatives work with local students in setting and meeting goals for college and their future careers. Students hear from community leaders about the importance of having a plan to attend college or a technical education program. They also have an opportunity to speak in small groups with: 1) a college representative, 2) a financial aid expert, and 3) a local business leader or school alumnus.

Some schools choose to hold their CTD programs in the fall for seniors. Other schools plan spring events for sophomores and juniors to encourage earlier college exploration and planning.

The program is open to any school that wants to participate. A toolkit and implementation guide is available on [kygoestocollege.com](http://kygoestocollege.com), allowing schools to customize their events. Seventy-five high schools registered to participate in the program in the 2021–2022 school year.

## Kentucky College Application Campaign



## KY COLLEGE application campaign

This was the eleventh 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.

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 post from students touting their top college choices and schools showcasing their application events and activities.

Over 120 high schools participated in the event, reaching upwards of 28,100 seniors with admission application assistance. In addition, the site coordinators who responded to a post-



Seniors at Allen County-Scottsville High School show off their college choice during a Kentucky College Application Campaign event at their school.

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.

## 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.

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

***Our (College Decision Day) celebration has become one of the best events our school does all year! The students feel so proud, and the teachers, staff and parents all participate too. It's a great way to show off the work and planning our students have done for their futures.***

**—High school counselor**



Senior outreach counselor Amy Marvin, right, poses with a student from Robertson County High School during their College Decision Day event.

initiative, and is supported by organizations like Better Make Room and American College Application Campaign. Over 100 schools registered to participate in the 2022 College Decision Day in Kentucky.

KHEAA offered a training webinar in early spring for participating high schools to explain more about the event and share tips and best practices for implementing the program. 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 2021–2022 school year marked the second year KHEAA conducted the FAFSA for the Win Challenge. Public and private high schools in Kentucky were invited to join the Challenge to promote FAFSA completion for the class of 2022 and for the chance to win \$500 for their school. The goal of FAFSA for the Win 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, 2021 through April 29, 2022. Schools could track their progress on FAFSA completion through the FAFSA dashboard on [kygoestocollege.com](https://kygoestocollege.com). More than 125 high schools participated and nearly 3,000 students registered for the scholarship drawing. School winners and student scholarship winners were determined and announced in May 2022.

## FAFSA Support

With the release of the 2022–2023 FAFSA on October 1, 2021, 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. In addition, outreach counselors provided virtual one-on-one FAFSA completion assistance to students throughout the pandemic when in-person options were not



John Bergman helps students complete the FAFSA during a workshop at Warren East High School in Bowling Green.

available. More than 800 one-on-one FAFSA appointments were conducted by Outreach staff. For the 2022–2023 FAFSA cycle, Kentucky ranked #2 in FAFSA completion among high school seniors nationally through mid-November, maintaining a Top 20 ranking through June 2021 (source: Form Your Future FAFSA Tracker). In addition, KHEAA's 2022–2023 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](http://kheaa.com) and hard copies could be requested through the online publication order form, as well as through outreach staff. KHEAA also posted a step-by-step 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 conduct other FAFSA-related support activities. Outreach staff conducted over 200 in-person and an additional 180 one-on-one FAFSA follow-up and verification sessions in the 2021–2022 year.

*We still reach out to our KHEAA Outreach Counselor every year to get help with my daughter's FAFSA. She'll be graduating from college next year! The help this has been to us over the years is priceless.*

– Parent of college student

*I always make sure I have plenty of copies of KHEAA's FAFSA Completion Guide in my office for students and their parents! It's the most comprehensive and easy to understand guide on the FAFSA that I've found. Thank you for providing it each year!*

– School counselor

*I probably wouldn't have done the FAFSA on my own. Thank you for taking the time to walk me through it.*

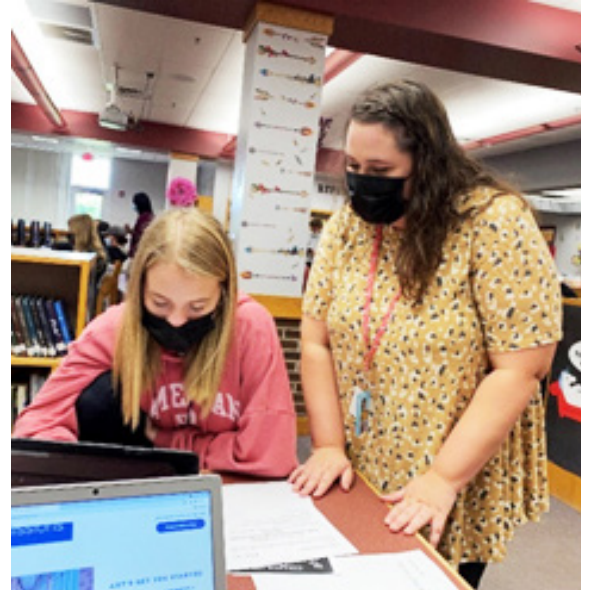
– High school senior

*Your FAFSA walkthrough video on YouTube is so helpful! I sent that link to all my students who aren't able to come to a FAFSA workshop in person.*

– School counselor

## College Coaches

KHEAA participates in the Kentucky College Coach (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 32 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 2021–2022 academic year marked the twelfth consecutive year that KHEAA has served as an intermediary partner in the KCC Program.



Kansas Adams (right), Kentucky College Coach at Powell County High School, helps a student with the college application process.

*I don't know what we would do without our college coach. She is continuously making an effort to work with our students and helping them with college applications, the FAFSA, and career choices.*

– High school counselor

*Our Kentucky College Coach is an essential part of our school's college-readiness process. Our students seek him out regularly. We truly don't know what we would do without him!*

– High school assistant principal

*My daughter meets with the college coach at her school on a regular basis. As a parent, I appreciate that she is getting the help she needs to prepare for college and I also have someone at the school I can reach out to if I have questions. It's been a great program for us.*

– Parent of KCC core student

## Kentucky College Coaches Schools FY22

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

Tates Creek 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)
- 32 KHEAA KCCs served over 23,040 hours during their service term
- 90% of core seniors completed at least one college admission application
- 87% of core seniors completed the FAFSA



Kentucky College Coach Annette Neblett (right) with KCC students during a tour of Murray State University.

## 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](https://kheaa.com) website, test prep and more. 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.

KHEAA also awards a \$500 scholarship to a high school senior who will create video content for use on KHEAA's social media pages. KHEAA's vlogger for the 2021–2022 school year, selected as a part of the annual Student Vlogger Contest, was Veronica Pulley from Fulton High School. Her vlogs covered topics such as applying to college, completing the FAFSA and searching for scholarships. The goal of the vlogger program is to leverage student voice to help influence more students to pursue postsecondary education.



Kentucky high school senior Veronica Pulley created a variety of vlogs about her experiences for KHEAA's social media platforms.



*To the KAPT staff:*

*I am so grateful for this program as I close out my KAPT account. This semester, my grandson is completing his doctorate at the University of Texas in music.*

*My other grandson completed his undergraduate degree at Murray State in Japanese, spent two years in Japan, the last as coordinator of international programs for the Mayor of Nagasaki. He now works for a Japanese gaming company translating games into English.*

*My granddaughter completed both bachelor's and master's degrees in mass communications at Murray State and has worked for the same company for 10 years.*

*KAPT made it possible for me to help them all achieve their educational goals.*

*Thanks for your help through the years.*

*Blessings for the holiday season.*

*- KAPT participant*

# Publications and Social Media

## Providing resources to Kentucky families

### Publications

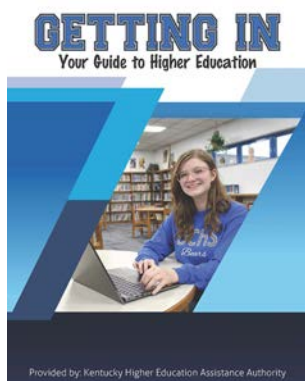
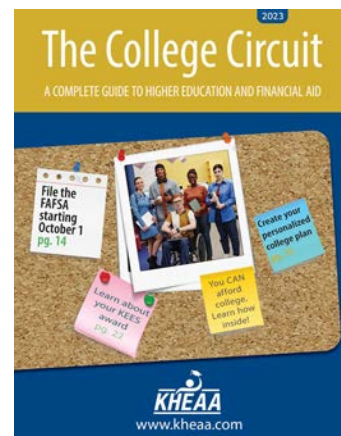
KHEAA produces and distributes free college and career resources to Kentuckians, school counselors, college admission and financial aid officers, adult centers, public libraries, and college fairs. These resources are also available on [kheaa.com](http://kheaa.com).

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, as well as giving 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.



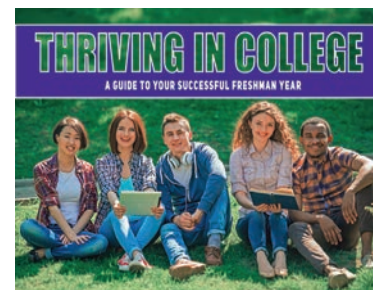
**Getting In** lists Kentucky colleges, the degrees offered, and the current year's costs. Copies are sent to high schools for distribution to all juniors. Portions of the book are available in audio on [kheaa.com](http://kheaa.com).

**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. The newsletters were invaluable during the COVID pandemic.



Publications distributed in FY22 decreased by 32.5% compared to FY21. The major cause of the decrease was that paper shortages meant the company printing "Getting In" could not ship copies to the schools before the end of the fiscal year, as normally happens.

## Social Media

KHEAA and KHESLC both have Facebook pages, Instagram, 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.

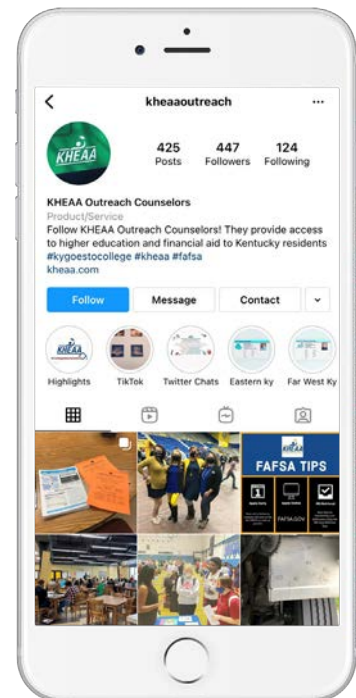
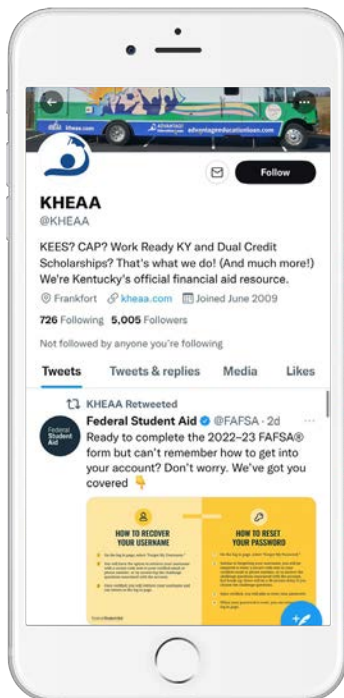
### Important figures to note for FY22:

KHESLC Facebook page likes rose 0.2 percent.

KHEAA Facebook page likes rose 3.7 percent.

KHEAA Instagram followers rose 24.1 percent.

[AdvantageEducationLoan.com](https://www.facebook.com/AdvantageEducationLoan.com) Facebook page likes rose 10.6 percent.



# Legislative Update

## 2022 Regular Legislative Session

The 2022 Regular Session operated almost like pre-COVID-19 times, but the emergency-level sense of urgency remained.

The 60-day session covered important issues such as redistricting, emergency aid for tornado-ravaged areas of Western Kentucky, and changes to Kentucky's income-tax structure, as well as other education, health, and social issues important to legislators and their constituents.

A two-year spending plan was passed by the legislature with significant investments in higher education. In addition to KHEAA's receiving a first-time appropriation for operations and a capital expenditure for a new HVAC unit, state student grant and scholarship programs were funded at historic levels: the College Access Program (CAP) grant program's base General Fund appropriation increased to \$134.1 million for 2022–2023, nearly a 40 percent increase over 2021–2022.

The generosity of the legislature will allow KHEAA to increase the CAP award amounts significantly; the combination of CAP and Federal Pell Grant awards will cover tuition and mandatory fees at Kentucky community colleges and nearly all of that amount at the four-year public universities.

The General Assembly also directed \$10 million of excess Kentucky Lottery revenue toward a new Innovative Scholarship Pilot program for displaced students settling and studying in Kentucky, as well as Kentucky students traveling abroad for cultural exchange experiences.

Senate Bill 94, an act relating to the Work Ready Kentucky Scholarship Program, is the only student financial aid legislation that made its way across the finish line and survived the veto pen. This legislation allows students with intellectual disabilities participating in Comprehensive Transition and Postsecondary (CTP) programs to access scholarship funds, and an amendment removed the eight semester maximum for all students. Both actions will remove barriers to postsecondary education and help students complete their programs of study at a realistic pace.

Conversations will continue on how to address teacher and workforce shortages, amid other financial aspects of the postsecondary educational experience. KHEAA and KHESLC stand ready to provide actionable solutions for the upcoming 2023 Regular Legislative Session.

# Student Loan Servicing

In FY22, KHESLC Loan Servicing continued to assist borrowers who had been impacted by the pandemic as well as the floods and tornadoes in Kentucky. KHESLC answered calls and reached out to borrowers offering multiple options to borrowers whose financial situation was negatively impacted by the pandemic, floods, and tornadoes. These options included deferred payments and favorable credit reporting changes.

KHESLC services approximately \$864 million in outstanding balances for 46,500 borrowers.

A summary of the Servicing departments is below:

- **Loan Servicing**

Loan Servicing reached out to borrowers making 205,000 manual and virtual calls to borrowers to help them resolve their delinquency. Over 37,000 inbound calls were received and borrowers were helped to successfully repay their loans. In addition, 2,600 emails and borrower correspondence were handled.

- **Loan Administration**

Loan Administration processed 45,000 tasks to keep borrowers on track to successful repayment including 4,460 disaster forbearances. These tasks include updated repayment plans, placing eligible borrowers in forbearance and deferments, checking for military service and subsequent interest rate discounts, processing loan consolidation certificates, onboarding rehabilitation loans, and filing claims.

- **Operations Support**

Operations Support is the liaison between Loan Servicing/Loan Administration and the Office of Technology. Programming tasks for system and process improvements as well as increased efficiencies are submitted and tested. A phone scrub is performed to identify mobile numbers versus landlines to maintain compliance. A quality assurance team reviews transactions and borrower accounts to make sure processing was complete and accurate.

# Asset Management

The Asset Management Operations (AMO) department is responsible for all collection activities for the defaulted Federal Family Education Loan (FFEL) portfolio, which comprises more than \$490 million in defaulted loans. Additionally, AMO staff performs collection activities for the defaulted Advantage Education, Advantage Parent, and Advantage Refinance Loan accounts.

- **Debt Recovery**

Debt Recovery (DR) collectors make outbound calls and receive incoming calls from borrowers who have defaulted on their student loans. Collectors work with borrowers to establish repayment agreements that will resolve their defaulted loan status, reinstate their eligibility for financial aid, and improve their credit histories. AMO staff made more than 75,000 outbound calls and answered nearly 16,000 incoming calls from borrowers in Fiscal Year 2022.

- **Debt Recovery Administration**

Debt Recovery Administration (DRA) staff perform a number of activities that are crucial to diligent administration of the defaulted FFEL student loan portfolio. Staff responsibilities include administering the rehabilitation repurchase and Treasury offset processes. DRA also ensures that borrower correspondence is mailed in a timely manner. Additionally, DRA researches and compiles all required files and documentation for loans that are scheduled for reassignment to the U.S. Department of Education.

- **Operations**

Operations staff members conduct quality assurance reviews to ensure that collection call center staff provides borrowers with excellent service and guidance on resolving their defaulted student loan accounts. Operations staff members are also responsible for generating performance reports and queries that are critical resources for the management team.

Collection activities on FFEL loans were suspended by the U.S. Department of Education during the entirety of Fiscal Year 2022 due to the COVID-19 pandemic.

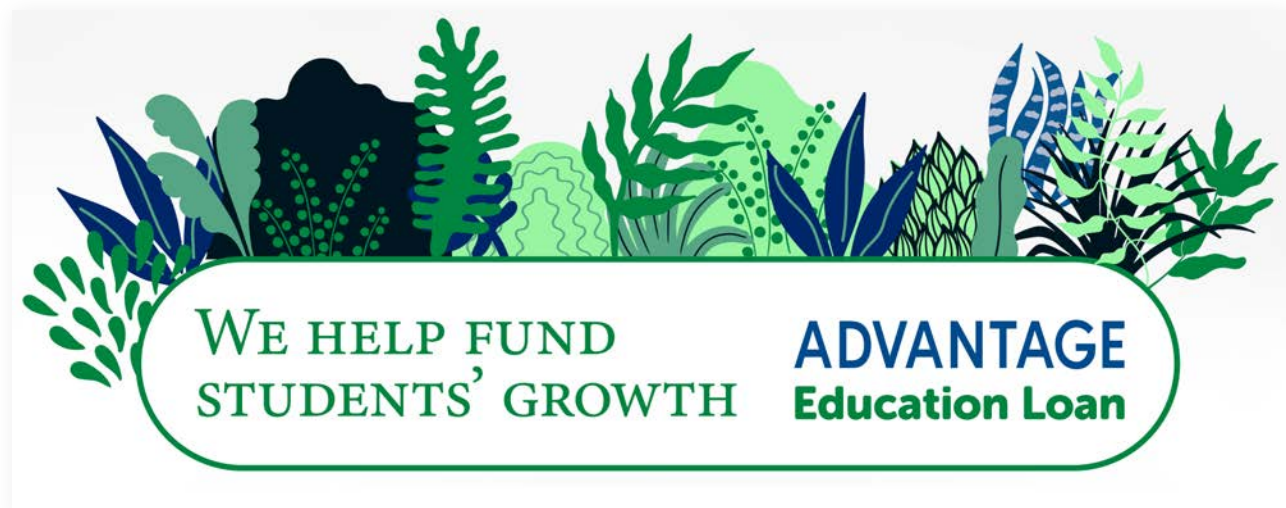
# Advantage Education Loans

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 FY22, our total volume increased more than 4.8 percent over FY21's volume during a period of contracted borrowing for families as a result of federal intervention regarding the pandemic. A number of enhancements were made to the process to benefit students and families including improvements to the cosigner release program by requiring less time in repayment for eligibility and increased safeguards for credit information of students and parents.

Through the efforts of marketing staff, 431 colleges and universities have included the Advantage Education Loan and Advantage Parent Loan to their preferred lender lists in FY21.

## Advantage Loans at a glance

- Interest rates are 3.75 to 6.99 percent for students and parents.
- Interest rates are 3.99 to 7.78 percent for refinance.
- Marketing territory is 32 states.
- Cosigner release benefit was updated.
- The website was enhanced to streamline online applications and processing.
- KHESLC owns, originates, funds, services, and collects the loans.



# 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 and the lender 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 each year. 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 offers schools two levels of service to help them manage and lower their CDR. These options 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 defaulting on their loans.

In FY22, KHEAA maintained existing contracts and added one new contract, resulting in a 10 percent growth. Staff contacted over 94,000 borrowers over the course of the fiscal year on behalf of our contract institutions. During the COVID-19 shut-downs, more emphasis was placed on helping borrowers cope with the economic uncertainties, since most federal loans were placed on a forbearance (hold) situation.



# KY Saves 529



As FY22 began, the Kentucky Education Savings Plan Trust (KESPT) entered its fourth year with Ascensus College Savings Recordkeeping Services, LLC as program manager. Account owners continue to receive lower fees and best-in class investment offerings.

The program continues to benefit from the addition of a Kentucky-based Ascensus field consultant, charged with marketing the 529 program throughout the Commonwealth of Kentucky to businesses and individuals. For the year, the field consultant produced numerous leads that helped KY Saves increase the number of companies (21.0% increase vs. FY21) offering KY's 529 program as an employee benefit. In 2022, KHEAA readopted a more active role in promoting the 529 statewide with agency employees and outreach counselors working closely with Ascensus representatives to reach out to more school systems, foundations, and other state agencies to more prominently endorse the program for all Kentuckians.

For the fiscal year ending June 30, 2022, the KESPT/ KY Saves 529 program had total assets of \$235.9 million. This represented a substantial \$23.5 million net decrease; year-end 2021. The KY Saves 529 program participants used \$20.9 million to help pay education cost in 2022.

The total number of account funded positions at the end of FY22 was 22,092. For the year, KESPT generated 1,795 new accounts, which represents the fifth highest year for new account generation in the 32-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 FY22, \$165,970 was generated by allotting seven (7) basis points, charged to individual account owners, from the management fees of the program. Even with the turbulent market conditions, it is projected that \$160,000 will be generated in agency fee revenue in the upcoming fiscal year.

# Kentucky's Affordable Prepaid Tuition



# KAPT

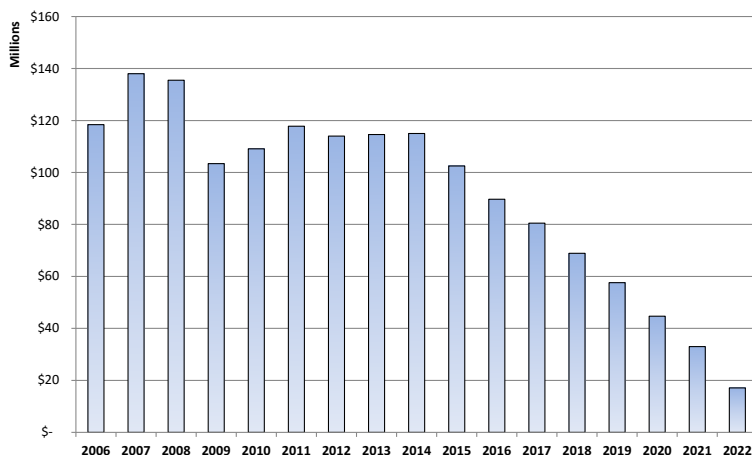
*Kentucky's Affordable Prepaid Tuition*

For the fiscal year ending June 30, 2022, the Kentucky Affordable Prepaid Tuition (KAPT) program had total investment assets of \$17.1 million. This represented a 47.4% decrease in fund value from FY21 primarily due to \$13.1 million in redemptions (cancellations and disbursements) by account owners. The number of accounts at the end of FY22 was 2,184, a 15.6% decrease from FY21. For the year, KAPT had 175 account cancellations/rollovers, which continues the trend as more and more of accounts mature and beneficiaries complete college. In FY22, the KAPT program office continued the outreach effort to encourage legacy account owners to take actions to close or rollover unused funds.

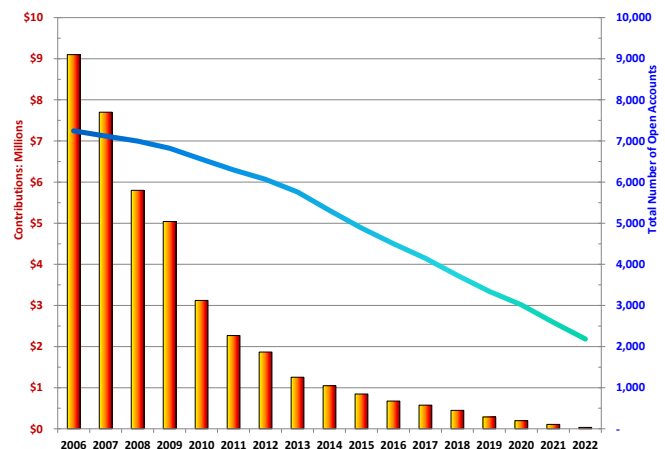
The KAPT investment fund, managed by State Street Global Advisors (SSgA), had a net-of-fee return of -3.42% for FY22.

The program saw a reduction of administrative cost of \$10,000 vs. FY21 totals. The primary reason for the decrease was the investment management fees dropping as the program fund continues to move toward the depletion of assets.

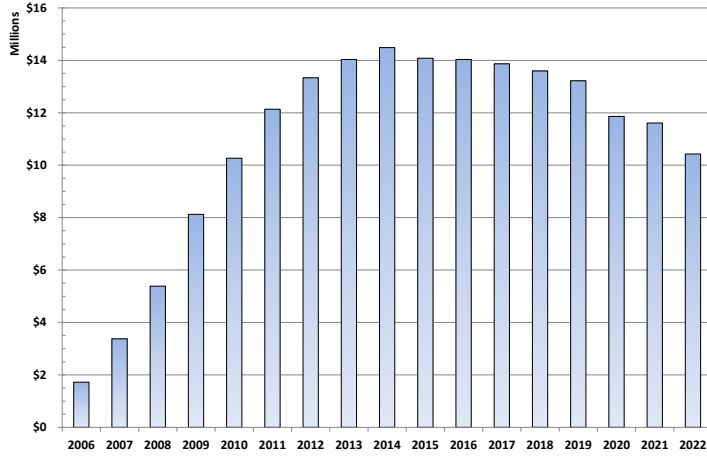
## KAPT Program Investment Fund Value



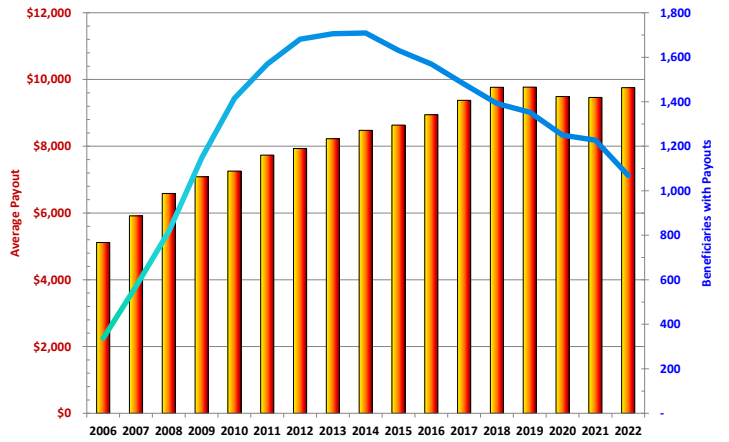
## Contributions & Number of Accounts



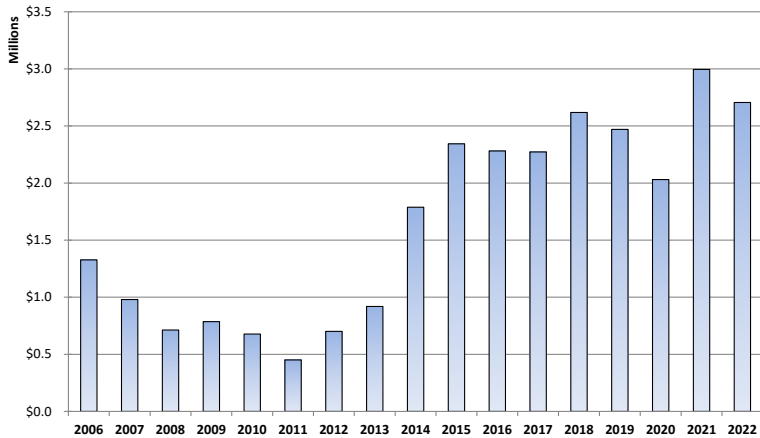
## KAPT Benefit Disbursements



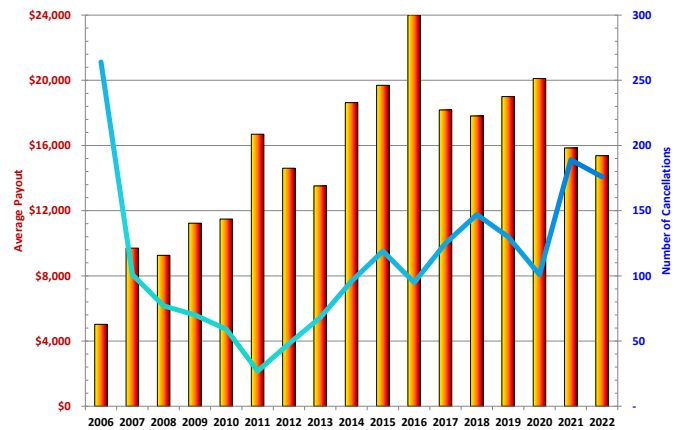
## Average Payout & Number of Beneficiaries



## KAPT Cancellation Dollars by Year



## Average Payout & Number of Accounts



# Financial Information

As of June 30, 2022, and for the fiscal year then ended  
Dollars expressed in thousands

## GOVERNMENTAL AND FIDUCIARY FUNDS

## PROPRIETARY FUNDS

	KHEAA				KHESLC	
	Governmental Fund	Federal Student Loan Reserve Fund	Kentucky's Affordable Prepaid Tuition	Kentucky Education Savings Plan Trust	Agency Operating Fund and Internal Service Fund	Operating Fund and Education Finance Fund
STATEMENT OF NET POSITION/FUND BALANCE						
Current assets	\$ 69,298	\$ 33,103	\$ 19,086	\$ 236,121	\$ 76,897	\$ 42,691
Loans, net						109,307
Noncurrent assets	6,171	2,856			85,891	890,637
Deferred outflows of resources					973	9,453
Total assets and deferred outflows of resources	75,469	35,959	19,086	236,121	163,761	1,052,088
Current liabilities	27	30,412	10,436	224	15,820	76,114
Noncurrent liabilities			43,106		9,979	883,268
Deferred inflows of resources					755	43,720
Total liabilities and deferred inflows of resources	27	30,412	53,542	224	26,554	1,003,102
Total net position	\$ 75,442	\$ 5,547	\$ (34,456)	\$ 235,897	\$ 137,207	\$ 48,986

## STATEMENT OF ACTIVITIES

Program revenue/additions	300,607	124,689	(817)	2,817	25,736	14,818
Direct expenses/deductions	298,076	129,117	3,792	26,355	16,734	17,951
Change to retirement Liabilities/Deferred Resources					347	27,930
Total	2,531	(4,428)	(4,609)	(23,538)	9,348	24,797
Interfund transfers						
Change in net position	2,531	(4,428)	(4,609)	(23,538)	9,348	24,797
Net position at beginning of year	72,911	9,975	(29,847)	259,435	127,859	24,189
Net position at end of year	\$ 75,442	\$ 5,547	\$ (34,456)	\$ 235,897	\$ 137,207	\$ 48,986



**NOTICE**  
UNLAWFUL POSSESSION OF A WEAPON  
ON SCHOOL PROPERTY IN KENTUCKY IS A  
FELONY PUNISHABLE BY A MAXIMUM OF  
FIVE (5) YEARS IMPRISON AND A TEN  
THOUSAND DOLLAR (\$10,000) FINE.  
KENTUCKY STATUTE

  
Handicap entrance

**Welcome to Frankfort High School**  
Frankfort Independent Schools  
a community based school district  
is committed to academic excellence  
and professional integrity. We provide  
learning opportunities in a caring, safe  
and healthy environment responsive  
to each student in collaboration with  
families and the community.



PO Box 798  
Frankfort, KY 40602-0798  
kheaa.com



PO Box 24266  
Louisville, KY 40224-0266  
kheslc.com