

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY  
KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

**WORKING**

**TOGETHER**

**TO EDUCATE**

**TOMORROW'S**

**WORKFORCE**

**FISCAL YEAR 2020 ANNUAL REPORT**



# CONTENTS

**2** Letter from the Governor

**3** Message from Leaders

**4** About KHEAA/KHESLC

**5** Leadership

**6** Grants and Scholarships

**8** Outreach

**24** Publications

**26** Legislative Update

**27** KHESLC Services

**30** School Services

**32** KY Saves 529/KAPT

**35** Audited Financial Statement



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

ANDY BESHEAR  
GOVERNOR

700 CAPITOL AVENUE  
SUITE 100  
FRANKFORT, KY 40601  
(502) 564-2611  
FAX: (502) 564-2517

Dear Fellow Kentuckians:

As your Governor, education is and always will be one of my top priorities. I strongly believe investing early and often in our schools and our students is the foundation upon which the future of our commonwealth is built.

I am proud that we have agencies such as the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) to help our students and their families navigate higher education – from the application process to graduation. Their work has been more vital than ever during the COVID-19 pandemic, when there’s been so much uncertainty about what the next school year would look like and how to keep students, faculty and staff safe.

Services offered by KHEAA and KHESLC include a unique balance of need-based grants, merit-based scholarships, state-based loan products and college-savings plans. These resources can help students and their families achieve their educational goals at any of the commonwealth’s excellent public or private colleges and universities, community and technical colleges, trade schools or online programs.

Not only do KHEAA and KHESLC administer most state-based aid, they also provide the state’s only not-for-profit, private education loan, which offers families more savings through low fixed interest rates and no fees. The staff at KHEAA and KHESLC work tirelessly to counsel Kentuckians on the importance of continuing their education beyond high school while helping them plan and prepare for it, as well.

Under my administration, Kentucky will continue to invest in education. With the service and commitment from agencies such as KHEAA and KHESLC, our citizens can achieve their educational goals while helping make Kentucky more competitive in today’s global economy. Together, we will expand opportunity to change lives and create the commonwealth all of our kids deserve.

Sincerely,

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

Andy Beshear  
Governor



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

# MESSAGE FROM LEADERS

## Tomorrow's Dreams Start Today

We are pleased to share the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation's (KHESLC) Fiscal Year 2020 Annual Report.

KHEAA and KHESLC are sister agencies that work in unison to create educational opportunities and promote student success across the Commonwealth of Kentucky and beyond. Our shared mission is to expand educational opportunities by providing financial aid and informational resources that enable Kentuckians to attain their higher education goals. We are resolved to keep Kentucky's college-bound citizenry at the core of our mission.



*Michael Keck and Eugene Hutchins*

Even as we are in the middle of a world-wide health pandemic, we continue to provide robust outreach activities via virtual platforms and provide funding to students and services to colleges and universities.

KHEAA's grant and scholarship offerings help Kentucky students realize their college dreams. The Work Ready Kentucky and Dual Credit Scholarships help put students on the pathway to postsecondary education. In FY20, thanks to continued support from the Kentucky Lottery, we provided nearly \$272 million in grant and scholarship funding for Kentucky students pursuing higher education.

Our outreach activities extend to every county in the Commonwealth, assisting students and families prepare and plan for college. Due to our staff's dedication, in the last few months of FY20 these activities were done over social media instead of in-person due to COVID-19.

Marketing and business development activities are a vital part of the success of KHEAA and KHESLC. Here are a few highlights from FY20: KHEAA was named the federal student loan guarantor for New Jersey and completed loan conversions from the New Jersey Higher Education Student Assistance Authority (HESSA), and staff was successful in getting the Advantage Education Loan listed on 68 new colleges in our licensed states. Revenues generated from these activities are reinvested in services to help Kentucky students and families. We also successfully launched a new product – Be Loan Smart, a debt letter service; we relaunched AdvantageEducationLoan.com website and created an Advantage Education Loan Facebook page; we also launched khecorp.com, relaunched kheslc.com and signed new KHEAA Verify contracts.

Our private loan portfolio continues to expand over previous years. In FY20, the Advantage Education Loan and the Advantage Parent Loan volume increased 25 percent over FY19.

The leadership team continues to work with educational committees, as well as local, state and federal leaders, to help structure education finance for the future.

We are proud of the role our programs and services play in preparing Kentucky for the future. We continue to focus on our core mission and expand educational opportunities by developing emerging services to help our students, families, colleges and universities.

Michael Keck, Board Chair

and

Eugene Hutchins, Executive Director/Chief Executive Officer

## Distinguished History of Serving Students

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 enable Kentuckians to 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 funding would be available to Kentuckians to promote the availability of higher education opportunities by making, purchasing and financing low-cost student loans.

KHEAA and KHESLC share a common mission to ensure all students seeking 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 College 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.

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

Eugene Hutchins, Executive Director

Diana Barber, General Counsel

David Carlsen, Chief Financial Officer

Mary Lou Skelton, Chief Information Officer

Ted Franzeim, Senior Vice President of Customer Relations

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 Servicing

April Johnson, Corporate Controller

Rhonda Mann, Director of Internal Audit

## BOARD OF DIRECTORS

Michael L. Keck, Chair, Vice President, Five Talents Financial Group, Science Hill

Shelley Park, Chair-Elect, Retired University Administrator, Richmond

Stephen L. Zeitz, Past-Chair, Senior Banking Officer – Trust, Commonwealth Bank & Trust,  
Louisville

Wes Cornett, Secretary–Treasurer, Director of Schools, Waynesburg

Olivia Davis, Finance and Audit Committee Chair, CPA, Lecturer, University of Kentucky,  
Lexington

Charles Vinson, Program Committee Chair, Retired Financial Aid Director, Murray State  
University, Murray

Rene Brown, Healthcare Professional and Pastor, Louisville

Teresa Hail, General Contractor, D.C. Trimble, Inc., Somerset

Neil Quinlan, ARGI Financial Group, Louisville

## EX OFFICIO MEMBERS

Dr. OJ Oleka, President, Association of Independent Kentucky Colleges and Universities,  
Frankfort

Allison Ball, State Treasurer, Frankfort

Aaron Thompson, President, Council on Postsecondary Education, Frankfort

Kevin Brown, Interim Commissioner, Kentucky Department of Education, Frankfort

Holly Johnson, Secretary, Finance and Administration Cabinet, Frankfort

# GRANTS AND SCHOLARSHIPS

## KHEAA Fulfills Today's Dream

Our mission remains that of helping Kentuckians achieve their educational goals and continues to be a top priority. The student financial aid programs we administer are vital for families achieving those goals.

During FY20, KHEAA disbursed nearly \$272 million to over 180,000 Kentucky students in the form of grants and scholarships, a 5.4 percent increase over FY19.

KHEAA provides multiple grant and scholarship programs to Kentucky's college-bound citizenry to finance their education. Eligible students may receive funding from more than one program.

The Kentucky Educational Excellence Scholarship (KEES) is Kentucky's merit scholarship program that rewards academic achievement and encourages the best and brightest students to stay in Kentucky. The KEES program is also an incentive for students to enroll in college who otherwise might not have considered going to college. The scholarship money earned through KEES encourages students to continue their education beyond high school.

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

The Dual Credit Scholarship helps students take college courses while still in high school and 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.

Kentucky Lottery revenue funds nearly all of state student aid awards disbursed by KHEAA. KHEAA pays all costs in administering student aid programs, ensuring that every state-appropriated dollar goes directly to students.



## FY20 GRANT AND SCHOLARSHIP DISBURSEMENTS

PROGRAM NAME	RECIPIENTS	DISBURSED AMOUNT
Kentucky Educational Excellence Scholarship (KEES)	70,630	\$118,849,000
College Access Program (CAP)	59,200	\$91,628,000
Kentucky Tuition Grant (KTG)	14,100	\$35,730,000
Work Ready Kentucky Scholarship	3,650	\$8,620,000
Kentucky National Guard Tuition Award	1,770	\$7,233,000
Dual Credit Scholarship	19,680	\$5,374,000
Work Ready Kentucky Dual Credit Scholarship	11,020	\$2,580,000
Kentucky Coal County College Completion Scholarship	130	\$535,000
Teacher Scholarship	140	\$509,000
Early Childhood Development Scholarship	360	\$488,000
Osteopathic Medicine Scholarship	30	\$210,000
Early Graduation Scholarship	60	\$122,000
Coal County Pharmacy Scholarship	30	\$111,000

# OUTREACH SERVICES

## Working Together to Secure the Future

### 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, College Decision Day and FAFSA completion support. The site, at [kygoestocollege.com](http://kygoestocollege.com), 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 2019-2020 school year were encouraged to register on the website. In addition to receiving free promotional materials, registered schools received access to training webinars and the most up-to-date program news and announcements.

### CLOSE THE DEAL



KHEAA's Close the Deal (CTD) is a one-day program that helps Kentucky high school students prepare for 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 are available on [kygoestocollege.com](http://kygoestocollege.com), allowing schools to customize their events. Eighty-nine schools registered to participate in the program in the 2019-2020 school year.

*“The time and planning that goes in to our [Close the Deal] program is worth it. The students get such a wealth of information to help them plan for their next steps.”*

—High school administrator

*“I have so much to plan for next year as a senior! I'm glad my school did this [Close the Deal program] my junior year so I have time to prepare.”*

—High school junior



*Senior Outreach Counselor Candice Johnson (second from left) with students at a Close the Deal event at Shelby County High School.*



*Outreach Counselor Chase Durrance (middle) shares financial aid and college planning information with students during a Close the Deal event at Muhlenberg County High School.*

***“Our students having the dedicated attention of people who could answer their questions and walk them through the admissions process made our [College App Campaign] program a success.”***

—School counselor

***“This was our first time having a college application program and it was a success. Frankly, I’m surprised at how many of my seniors completed applications! We hope to expand our activities next year.”***

—School counselor

***“This program enhances the students’ chances of actually committing to attend a college or university after graduation.”***

—School counselor

***“I want to apply to several colleges so I appreciate the help and the time this program gave me to work on that.”***

—Student

This was the ninth 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 don't 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. There were hundreds of posts using the hashtags, including students touting their top college choices and schools showcasing their application activities.

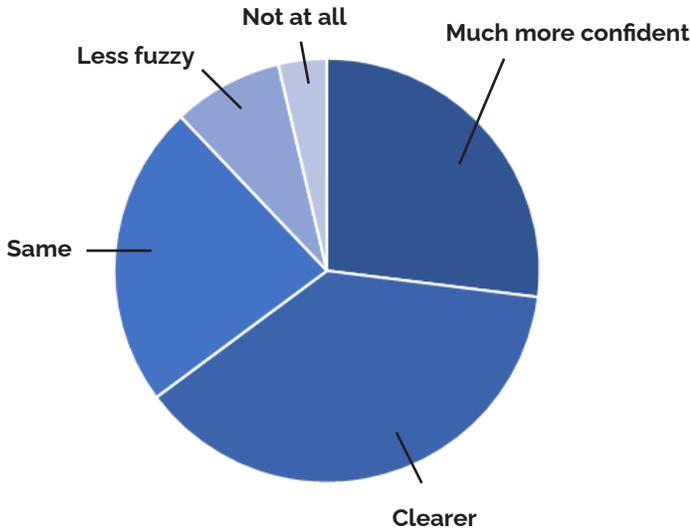
More than 145 high schools participated in the event, reaching upwards of 30,000 seniors with admission application assistance. In addition, over 96 percent of the site coordinators who responded to a post-event survey indicated that their students' ability to complete college admission applications was enhanced by participating in the KCAC program and over 96 percent of respondents indicated that their school's college-going rate was positively impacted by participating in KCAC.

Students were also asked to complete an online survey about KCAC. The first chart on page 13 shows that over 73 percent of respondents said KCAC activities helped them feel better prepared to fill out college admission applications. The second chart shows that over 72 percent of respondents thought the KCAC activities in their school changed their likelihood of going to college after they graduate high school.

### How well prepared do you feel now about filling out your college applications?

Answered: 1,086

Skipped: 2

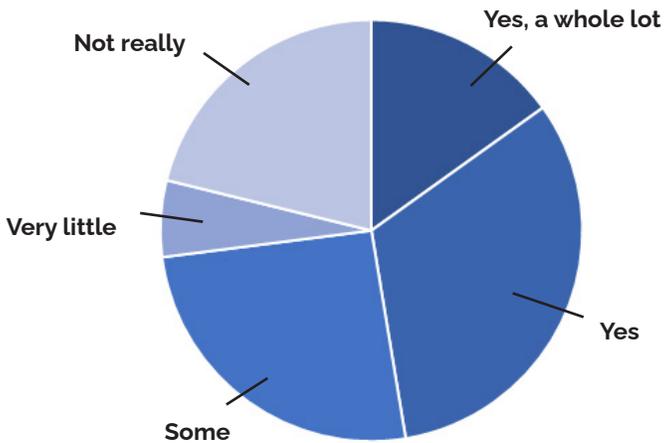


ANSWER CHOICES	RESPONSES
Much more confident	26.98% 293
Clearer	37.85% 411
Same	23.11% 251
Less fuzzy	8.38% 91
Not at all	3.68% 40
<b>TOTAL</b>	<b>1,086</b>

### Do you think your school's College Application Campaign information and activities changed the likelihood that you'll go to college or technical school somewhere after you graduate?

Answered: 1,040

Skipped: 48



ANSWER CHOICES	RESPONSES
Yes, a whole lot	15.10% 157
Yes	32.31% 336
Some	25.58% 266
Very little	5.87% 61
Not really	21.15% 220
<b>TOTAL</b>	<b>1,040</b>



*A student at Caverna High School in Hart County shows off his college choice on stickers received at a KCAC event.*



*Senior Outreach Counselor Audrey Price helps a student complete an admission application during a KCAC event at Caverna High School in Hart County.*

*Students show off their college choices on stickers received during a KCAC event at Monroe County High School.*



## COLLEGE DECISION DAY



**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 former First Lady Michelle Obama's Reach Higher initiative and is supported by organizations like Better Make Room and American College Application Campaign. Over 120 schools registered to participate in College Decision Day in Kentucky for the 2019-2020 year.

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. This year, due to the COVID-19 pandemic, many schools had to take their events to a virtual platform, and most elected to combine this important recognition for seniors with graduation ceremonies due to school closures and scheduling challenges.

***“This has become a favorite program for both our students and staff. To see what they’ve accomplished and celebrate their next steps is a great way to wrap up the year. Hopefully things are back to normal next year so we can really do it up right again!”***

—High school counselor

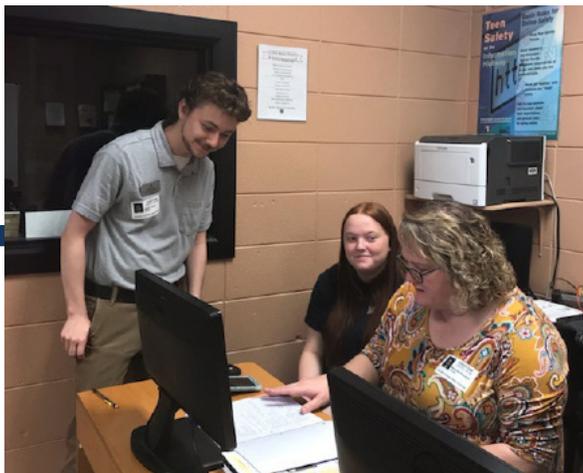
## FAFSA SUPPORT

With the release of the 2020-2021 FAFSA on October 1, 2019, 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 1,380 FAFSA workshops during the fiscal year.

For the 2020-2021 FAFSA cycle, Kentucky again ranked #1 in FAFSA completion among high school seniors nationally from October 1 through mid-November and maintained a Top 5 ranking through January 2020 and Top 10 ranking through May 2020 (source: Form Your Future FAFSA Tracker). In addition, KHEAA's 2020-2021 FAFSA Completion Guide was used by schools and organizations across the Commonwealth as a resource to aid students and parents in successful FAFSA completion. The four-page guide could be downloaded from [kheaa.com](http://kheaa.com), and hard copies could be requested through the online publication order form, as well as through outreach staff.

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 230 FAFSA follow-up and verification sessions in the 2019-2020 year.

Much of the FAFSA support offered from mid-March through the summer months was provided virtually due to the COVID-19 pandemic. KHEAA joined a #FAFSAFriday campaign in partnership with the Kentucky Council on Postsecondary Education and the Prichard Committee to encourage students to continue to complete the FAFSA and seek assistance from KHEAA Outreach. Outreach counselors also took to a variety of social media platforms to offer interactive messaging about the importance of completing the FAFSA.



*Outreach Counselor Joplin Rice (left) helps a student and parent with FAFSA completion during a FAFSA workshop at Lincoln County High School.*

*“You have been so helpful through the FAFSA completion process. You were able to not only help our family with the FAFSA, but also helped us get through verification. Thank you so much!”* — Parent

*“[Filling out the FAFSA] wasn’t as bad as everyone made it sound, but I’m still glad I had your help!”* —Student

*“Where was KHEAA at when I was in high school? The FAFSA Completion Guide and your support made the FAFSA less daunting and easier to fill out.”* — Parent

*“You don’t understand how much I appreciate that KHEAA provides FAFSA completion help. As a counselor, I get questions about it, and I don’t know what to tell them. I am just glad I have an expert to answer their questions!”*

— School counselor

*“We love your FAFSA Completion Guide! We make it available to every one of our students.”*

— College access program coordinator

## 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 2019-2020 academic year marked the tenth consecutive year that KHEAA has served as an intermediary partner in the KCC Program.

## KENTUCKY COLLEGE COACHES SCHOOLS FY20

Adair County High School	McCracken County High School
Anderson County High School	McCreary Central High School
Belfry High School	Meade County High School
Breckinridge County High School	Nicholas County High School
Calloway County High School	North Bullitt High School
Casey County High School	North Hardin High School
Christian County High School	Ohio County High School
Edmonson County High School	Pendleton County High School
Fleming County High School	Powell County High School
Floyd Central High School	Southern High School
Gallatin County High School	Tates Creek High School
Grant County High School	Union County High School
Holmes High School	Valley Traditional High School
LaRue County High School	Warren East High School
Lynn Camp High School	West Carter High School
Marion County High School	Whitley County High School

## COLLEGE COACH PROGRAM STATISTICS

- 603 core students graduated high school in 2019-2020
- KCC core students were offered more than \$4.25 million in scholarships (this does not include grants or any other type of financial aid)
- 32 KHEAA KCCs served over 29,675 hours during their service term
- KHEAA outreach staff conducted over 515 presentations and exhibits at KCC schools



*Kentucky College Coaches pose as a group at their first training before beginning service in August 2019.*

*Jessica Jones (left), Whitley County High School College Coach, and Emily Bowman (right), KHEAA Outreach Counselor, celebrate with a senior who completed the FAFSA.*



***“Our students and faculty love our College Coach. The coach has jumped right into this role and is a valuable part of our team.”***

— High school principal

***“We have seen how much of an impact our college coach makes with our students. The dedication they show to the students is remarkable.”***

— High school counselor

***“Our college coach plans events and coordinates with local college representatives to provide our students with opportunities to make connections with college staff they would not otherwise have access to.”***

— Site Supervisor

## **COLLEGE INFO ROAD SHOW**

Sessions on board KHEAA's mobile unit, the College Info Road Show, provide an overview of student financial aid programs and services. Visitors can access KHEAA account information and more by creating a MyKHEAA account on [kheaa.com](http://kheaa.com); can find helpful resources for career assessment, test preparation and scholarship searches; file their FASFA; or request a personalized Getting the Facts report with assistance from the onboard counselor.

The College Info Road Show visits middle schools, high schools, adult education centers, public libraries and a variety of other venues, providing college access and financial aid planning services directly to students and families all over the Commonwealth. It is equipped with internet access, indoor and outdoor projection units and screens and 11 individual workstations, making it a great addition to any school or community event.



*The College Info Road Show mobile classroom unit.*



*College Info Road Show Outreach Counselor Kevin Wilson walks students at Greenwood High School in Bowling Green through the tools and features of the [kheaa.com](http://kheaa.com) website.*

*“You did a great job with our students. They were excited about the content they learned and ready for a field trip we had planned later that week to Northern Kentucky University. There was a buzz around the school as well. Students in our earlier grades were excited to see the CIRS in front of the school and are excited about getting to visit it in future years!”* — School counselor

*“This is the coolest bus! I wish we could stay on here longer!”* — Student

*“The College Info Road Show was a lot of fun! The students enjoyed being able to go on to the bus. We definitely want to do it again next year.”* — Kentucky College Coach

## STUDENT VLOGGERS

In the 2019-2020 school year, KHEAA awarded two \$500 scholarships to student vloggers. The scholarship contest, now in its second year, is an effort to leverage student voices to help influence more students to pursue postsecondary educational opportunities. Interested high school seniors could enter the contest by completing a brief entry form and submitting a 3-minute introduction video talking about why they would be a good person to share their experiences with other students.

The winner of the high school contest was Shelby Newman from Valley High School in Jefferson County. Shelby's video was selected by a panel of judges who awarded her the scholarship to be used at the Kentucky college of her choice in exchange for providing a series of vlogs for use on KHEAA's website and social media channels. Shelby vlogged on topics such as making the most of senior year, applying to college, searching for scholarships and more.

KHEAA's high school vlogger from 2018-2019, Cortney Bolt from North Bullitt High School, was invited to continue vlog her experiences as she transitioned from high school to her first year of college. She also received a \$500 scholarship to be used at her college, the University of Louisville, for providing a series of vlogs throughout her freshman year on topics like dorm life, managing a college schedule, getting involved on campus and succeeding in college-level coursework.



*Shelby Newman was KHEAA's high school vlogger in 2019-2020. She shared videos about her experiences planning and preparing for college.*



*Cortney Bolt was KHEAA's first college student vlogger. This was her second year vlogging for KHEAA.*

## SOCIAL EVENTS

Once schools closed statewide in mid-March 2020 because of the COVID-19 pandemic, KHEAA Outreach turned to social media to get information to students, parents and counselors. Staff worked to provide free weekly content on Facebook, Twitter and Instagram to replace the in-person presentations the counselors normally conducted in schools. They also created FAFSA tutorials and other helpful videos for the agency's YouTube channel.

The social media schedule was promoted on the [kheaa.com](http://kheaa.com) website, industry related listservs and via press release and received mentions by both the Governor and Lieutenant Governor.

*“KHEAA has been phenomenal during the pandemic! I love the social media outreach!”*

— School counselor

*“Thank you for providing some great advice on social media while we are going through this coronavirus pandemic.”*

— College and career counselor

# PUBLICATIONS AND SOCIAL MEDIA

## Creating Resources to Build Tomorrow's Leaders

KHEAA produces and distributes free college and career resources to Kentuckians, 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. It lists Kentucky colleges, the degrees offered and the current year's prices. It also gives tips on preparing for going back to school and ways to locate funding.

*Affording Higher Education* lists thousands of 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 which is suitable for students of all ages.

*Getting In* lists Kentucky colleges, the degrees offered and the current year's prices. Copies are sent to high schools for distribution to all juniors. Parts of two chapters are available in audio on the website.

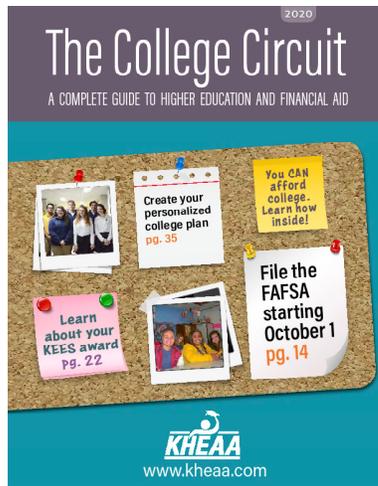
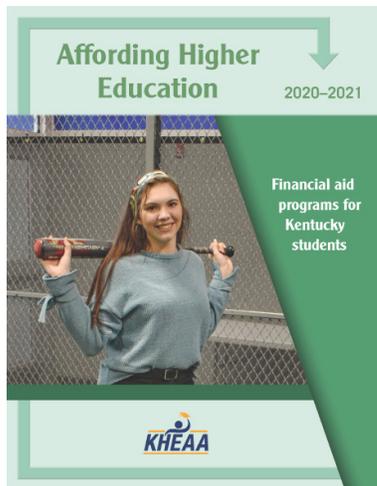
*It's Money, Baby* provides information on how to use money wisely. Topics such as credit scores, credit cards, savings and checking accounts, identity theft and much more are covered.

*Surviving 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, commuting to classes and much more are covered. An online Spanish version is available on [kheaa.com](http://kheaa.com).

*Surviving College for Adults* offers tips to older students going to college for the first time or returning to complete a degree. Topics such as how to juggle work demands and school, how to set aside time to study, where to go for help, money management, and more 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.

Publications distributed: dropped 7.5 percent due to not sending *Getting In* during the spring since schools were closed because of the pandemic.



## SOCIAL MEDIA

KHEAA and KHESLC each have Facebook pages and Twitter accounts. 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.

In FY20, we also created a Facebook page for Advantage Education Loan.

### IMPORTANT FIGURES TO NOTE FOR FY20:

KHESLC Facebook page likes rose 8.6 percent.

KHESLC Twitter followers decreased 6.1 percent.

KHEAA Facebook page likes rose 5.4 percent.

KHEAA Twitter followers remained unchanged.

## Staying Informed to Better Serve Our Students

The COVID-19 pandemic has created unprecedented situations across all aspects of life, but one of the first areas to feel significant change was in the Kentucky General Assembly. While normally even-numbered years result in passage of a biennial budget, the legislature crafted a one-year budget so that immediate needs could be sustained for FY21 and the appropriate adjustments could be addressed for FY22 when the legislature reconvenes in January. A few financial aid policy items did cross the finish line prior to the early end of the session.

HB 331 passed unanimously and expands usage of KY Saves 529 plans for student loan repayment and expenses related to registered apprenticeship programs. This conforms to federal legislation included in the SECURE Act.

Two programs that had been administered by the Council on Postsecondary Education were transferred to KHEAA through the passage of SB 134 (Optometry Scholarship Program) and HB 214 (Veterinary Contract Spaces Program). Historically these were negotiated contract spaces for in-state tuition rates reserved for Kentucky students at out-of-state institutions. Following the recommendations of two task forces, the optometry program will be converted to a scholarship program but the veterinary program will remain "contract slots."

In regard to the state's pension situation and the unique opportunity for quasi-governmental agencies like KHESLC to exit the Kentucky Employees Retirement System, SB 249 was passed to include a freeze of the employer rates at the previous levels for one additional year and extended the deadline for exit decisions by governing boards to 2021. The impact on KHEAA and KHESLC's financial status and employees is under review.

The one-year budget also included language to increase the dual credit scholarship rate from one-third of the KCTCS hourly rate to two-fifths, as well as combining funds for the portion of the Work Ready Kentucky Scholarship for high school students taking career and technical education courses into the Dual Credit Scholarship program. These program amendments, as made through the FY21 state budget, are subject to end in June 2021 with the close of the FY21 budget year.

## Connecting With Borrowers

### SERVICING

In FY20, KHESLC implemented an updated website to improve the borrower's experience. KHESLC continues to send text messages to remind borrowers when payments are due, when they have missed a payment and other important messages.

KHESLC services approximately \$1 billion in outstanding balances for 53,000 borrowers.

A summary of the Servicing departments is below:

#### LOAN SERVICING

Loan Servicing reached out to borrowers, making 276,000 manual and virtual calls to borrowers to help them resolve their delinquency. Over 56,000 inbound calls were received, and borrowers were offered assistance in repaying their loans.

#### LOAN ADMINISTRATION

Loan Administration processed 52,000 tasks to keep borrowers on track to successful repayment. 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.

KHESLC offered multiple options to borrowers whose financial situation was negatively impacted by the COVID-19 pandemic. These options included deferred payments, waived late and non-negotiable funds fees and favorable credit reporting changes.

### ASSET MANAGEMENT OPERATIONS

The Asset Management Operations (AMO) department is responsible for all collection activities for the defaulted Federal Family Education Loan (FFEL) and Advantage Loan accounts. There are three areas within AMO:

## **DEBT RECOVERY**

Debt Recovery collection staff work in the Louisville location and perform all call center activities. Outbound calls are placed to, and incoming calls are received from, borrowers who have defaulted on their student loans. Collectors work with borrowers to re-establish repayment plans to resolve the default status and reinstate borrowers' eligibility for financial aid and improve their credit histories. A total of 319,715 outbound calls were made and 74,360 incoming calls were answered by the call center in FY20. Call center hours are Monday through Thursday from 9:00 a.m. to 8:00 p.m., and Friday from 8:00 a.m. to 4:30 p.m.

## **DEBT RECOVERY ADMINISTRATION**

Debt Recovery Administration (DRA) staff are located in our Frankfort location and perform a number of activities that are crucial to diligent administration of the defaulted FFEL student loan portfolio. Responsibilities include identifying loans that are eligible for rehabilitation repurchase and managing the Treasury Offset process. DRA also ensure that correspondence to borrowers is mailed in a timely manner. Additionally, DRA researches and compiles all required files and documentation for loans that are scheduled for re-assignment to the U.S. Department of Education.

## **OPERATIONS**

Working from the Louisville office, 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. The Operations area is responsible for conducting new hire and ongoing staff training, updating collection procedures and generating performance reports and queries which are critical resources to the management team.

## **PERFORMANCE**

In FY20, AMO recorded \$106,050,072 in gross collections on the defaulted FFEL loan portfolio. Loan rehabilitations accounted for \$53,686,630 of the total recoveries. A total of 2,989 borrowers successfully completed rehabilitation, which brought their loans out of default and back into good standing. Rehabilitation also reinstates borrowers' remaining eligibility for Title IV benefits and improves their credit histories. The gross collections resulted in \$19,067,656 in revenue for KHEAA. In January 2020, AMO began performing collection activities on defaulted FFEL loans formerly held by New Jersey Higher Education Student Assistance Authority (HESAA). Staff members were eager to take on this new responsibility and to guide former HESAA borrowers toward a path of resolving their defaulted loans. A significant number of borrowers were very complimentary of the assistance provided by call center collection staff and commented that they were glad their loans were transferred to KHEAA.

## 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 FY20, our total volume increased more than 25 percent over FY19's volume.

Benefits and features did not change for FY20 — and we remain positioned well in the marketplace.

Through marketing and staff efforts, in FY20 68 new colleges and universities added Advantage Education Loan and Advantage Parent Loan to their preferred lender lists, a 40 percent increase over the previous year.

### ADVANTAGE LOANS AT A GLANCE

- Interest rates remained at 3.75 to 6.99 percent for students and parents
- Interest rates remained at 3.99 to 7.78 percent for refinance
- Marketing territory remained at 32 states
- Benefits remained the same
- Volume increased by more than 25 percent
- Website was enhanced
- Facebook page was developed
- KHESLC owns, funds, services and collects the loans — KHEAA conducts originations.



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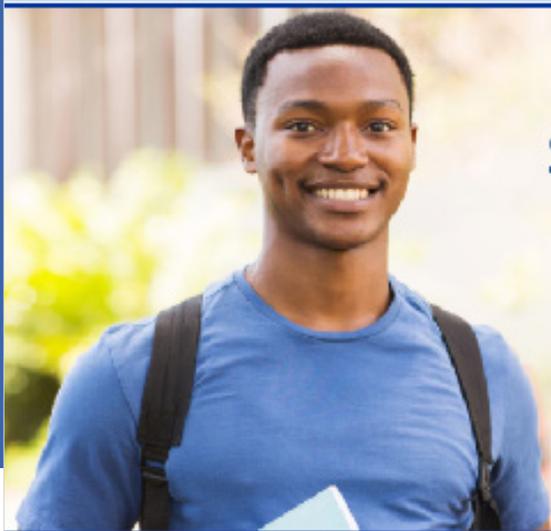
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**Advantage Education Loans!**

Pick the loan that's right for you

## Building Partnerships to Enhance Education

### KHEAA VERIFY



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

With KHEAA Verify, a college or university can contract with KHEAA to conduct the verification process on the school's behalf. 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 the student's aid will be awarded in a timely manner.

In FY20, KHEAA secured seven new contracts and maintained existing contracts, resulting in a 25 percent growth over last fiscal year. Staff verified 155,753 students during the fiscal year.

### BE LOAN SMART



We strive to be proactive when determining what new products or services to introduce to colleges and universities that we serve. They have to be timely, serve a need or solve a problem. What we discovered with our latest service is that it served a need, solved a problem for the schools and was timely.

KHEAA launched Be Loan Smart, a debt letter service for colleges and universities during FY20. At the time of launch, only three states mandated a debt letter be sent to students. By the end of the fiscal year, 13 states had mandated the debt letter requirement, and KHEAA's new product was already in the marketplace.

Be Loan Smart provides an annual notification to students of their student indebtedness. The letter provides estimated loan payments, cumulative student loan amounts, interest rates, borrowing limits percentages and access to a free financial literacy web site.

## COHORT DEFAULT MANAGEMENT SERVICES

# Cohort Default Management

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.

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 program, which would be devastating for that school.

KHEAA's Cohort Default Management Service offers schools three levels of service to help them manage and lower their CDR. These options are:

- **Student Transition Service:** Online messages provide students information at the time it is needed. Messages are written in a format that are easy to understand and begin when the student is accepted into college and continue through graduation.
- **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 counseled on the different repayment plan options, deferments and forbearances available to them.
- **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 FY20, KHEAA maintained existing contracts. Staff contacted over 90,000 borrowers over the course of the fiscal year on behalf of our contract institutions. During the last quarter with the COVID-19 shut-downs in place, more emphasis was placed on helping borrowers cope with the economic uncertainties, since most federal loans were placed on a forbearance (hold) situation.

# KYSAVES529 AND KAPT

## Save Now to Fulfill Your Child's Dream

### KYSAVES529

As FY20 began, the Kentucky Education Savings Plan Trust (KESPT dba KY Saves529) entered its second year with Ascensus College Savings Recordkeeping Services, LLC as program manager. In 2020, account owners continue to receive lower fees, expanded investment offerings and a refreshed marketing approach. The program also benefited with the addition of a Kentucky based Ascensus field consultant, charged with marketing the 529 program throughout the Commonwealth of Kentucky to businesses and individuals.

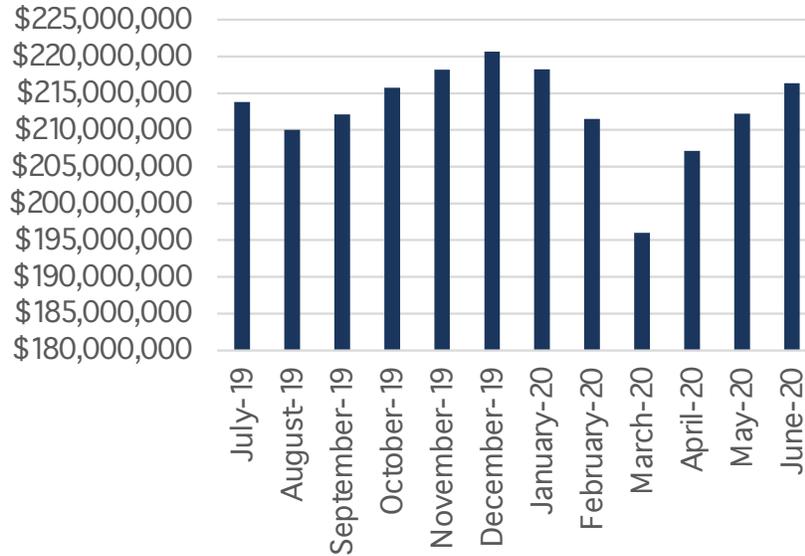
For Kentucky state fiscal year ending June 30, 2020, KY Saves529 had total assets of \$216.4 million. This represented a modest \$500,000 net increase in fund value from year end FY19. With the last four months of the fiscal year being greatly affected by many of the outcomes caused by the Covid-19 pandemic; which contributed to 529 savers investment behavior. The KY Saves529 program participants used \$19.2 million to help fund education costs in FY20.

The total number of accounts at the end of FY20 was 20,804, an increase of 3.5 percent in open accounts from FY19. For the year, KY Saves529 generated 1,417 new accounts.

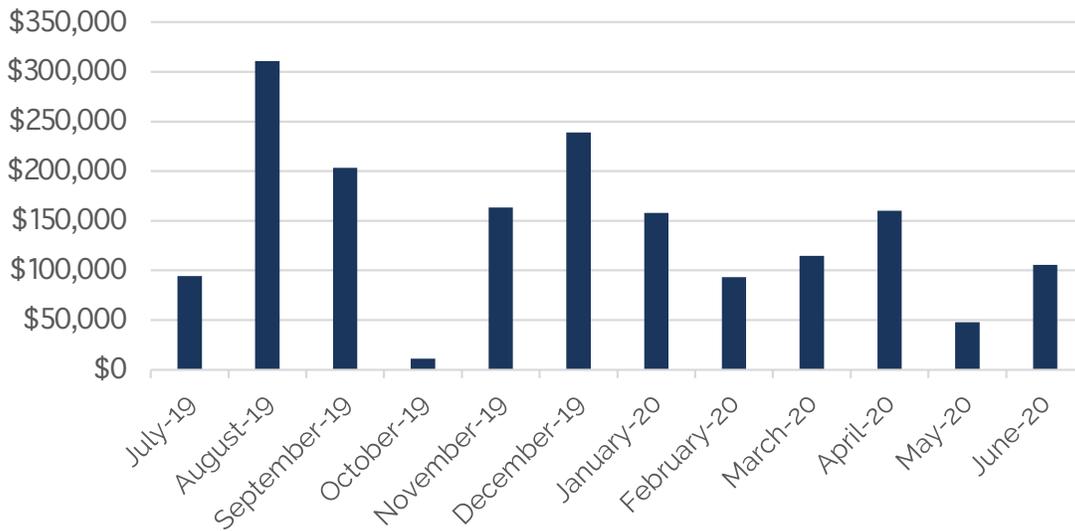
The new relationship with Ascensus continues to provide the opportunity for KHEAA to generate revenue to cover agency expenses in administering the program. For FY20, \$136,808 was generated by allotting seven (7) basis points from the management fees of the program.



## KY Saves Total Assets



## KY SAVES MONTHLY DISBURSEMENTS AND ROLLOVERS OUT

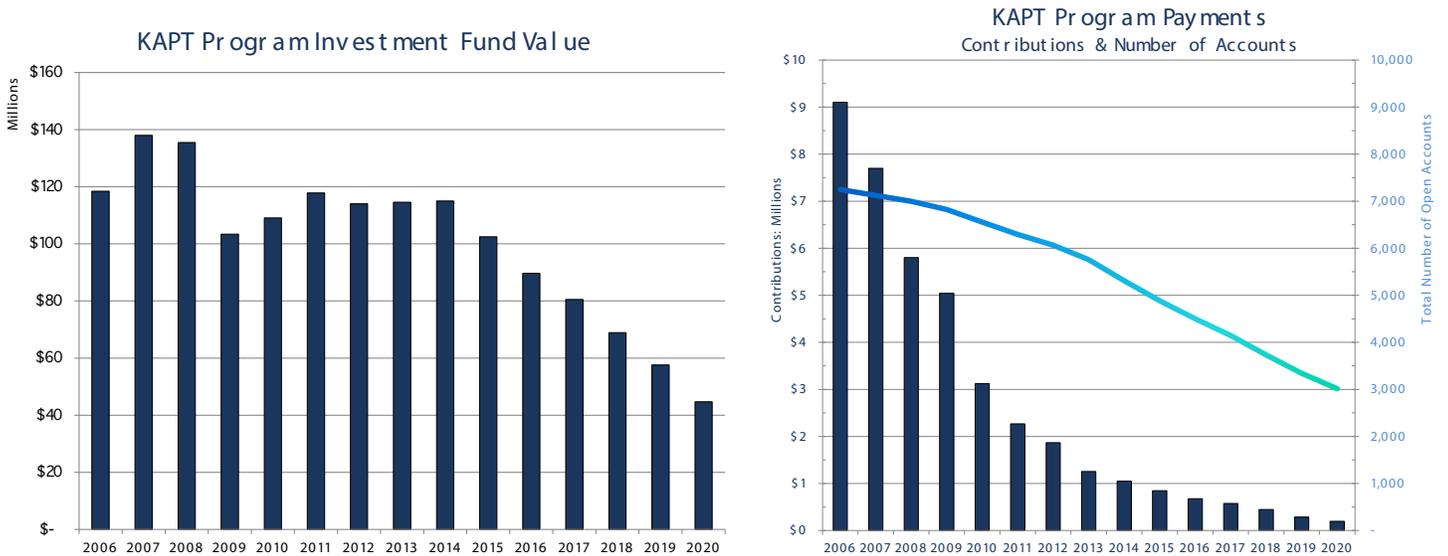


# KENTUCKY'S AFFORDABLE PREPAID TUITION

For Kentucky state fiscal year ending June 30, 2020, the Kentucky Affordable Prepaid Tuition (KAPT) program had total investment assets of \$44.7 million. This represented a 22.4 percent decrease in fund value from FY19 primarily due to \$13.9 million in redemptions (cancellations and disbursements) by account owners. The total number of accounts at the end of FY20 was 3,015, a 9.7 percent decrease in the number of open accounts from FY19. For the year, KAPT had 101 account cancellations/rollovers, which continues the upward trend of more and more accounts maturing and beneficiaries completing college.

The KAPT investment fund, managed by State Street Global Advisors (SSgA), had a net-of-fee return of 4.52 percent for FY20.

The program saw a reduction of administrative cost of over \$190,000 vs. FY19 totals. The primary reasons for the decrease being the investment management fees dropping and the call center and record administration/processing being moved in-house.



**KAPT**

*Kentucky's Affordable Prepaid Tuition*

# AUDITED FINANCIAL STATEMENT

As of June 30, 2020, 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	Agency Operating Fund and Internal Service Fund	Operating Fund and Education Finance Fund
<b>STATEMENT OF NET POSITION/FUND BALANCE</b>						
Current assets	\$ 44,905	\$ 26,031	\$ 44,802	\$ 217,022	\$ 20,677	\$ 42,782
Loans, net						964,293
Noncurrent assets	7,887		33		93,389	89,489
Deferred outflows of resources					1,171	13,667
<b>Total assets and deferred outflows of resources</b>	<b>52,792</b>	<b>26,031</b>	<b>44,835</b>	<b>217,022</b>	<b>115,237</b>	<b>1,110,231</b>
Current liabilities	85	546	15,044	662	2,140	94,445
Noncurrent liabilities			63,760		1,355	967,869
Deferred inflows of resources					2,017	20,008
<b>Total liabilities and deferred inflows of resources</b>	<b>85</b>	<b>546</b>	<b>78,804</b>	<b>662</b>	<b>5,512</b>	<b>1,082,322</b>
<b>Total net position</b>	<b>\$ 52,707</b>	<b>\$ 25,485</b>	<b>\$ (33,969)</b>	<b>\$ 216,360</b>	<b>\$ 109,725</b>	<b>\$ 27,909</b>
<b>STATEMENT OF ACTIVITIES</b>						
Program revenue/additions	269,341	95,380	2,205	23,687	24,886	23,219
Direct expenses/deductions	274,416	93,821	(1,563)	23,300	17,299	27,737
<b>Total</b>	<b>(5,075)</b>	<b>1,559</b>	<b>3,768</b>	<b>387</b>	<b>7,587</b>	<b>(4,518)</b>
Transfer to General Fund						
Interfund transfers						
<b>Change in net position</b>	<b>(5,075)</b>	<b>1,559</b>	<b>3,768</b>	<b>387</b>	<b>7,587</b>	<b>(4,518)</b>
<b>Net position at beginning of year</b>	<b>57,782</b>	<b>23,926</b>	<b>(37,737)</b>	<b>215,973</b>	<b>102,138</b>	<b>32,427</b>
<b>Net position at end of year</b>	<b>\$ 52,707</b>	<b>\$ 25,485</b>	<b>\$ (33,969)</b>	<b>\$ 216,360</b>	<b>\$ 109,725</b>	<b>\$ 27,909</b>



PO Box 798  
Frankfort KY 40601



PO Box 24266  
Louisville KY 40224