



Kentucky Higher Education Assistance Authority
Kentucky Higher Education Student Loan Corporation
2015 Annual Report

Service and Commitment



Message from the Governor

Dear Fellow Kentuckians,

As Governor, I strive to ensure all Kentuckians have access to an affordable education. It is vital for Kentuckians to pursue higher education in order to meet today's global economic challenges in this fast-paced, technologically-driven world. And educated workforce allows Kentucky to compete internationally to attract new business opportunities that will help grow our economy and improve our citizen's lives.

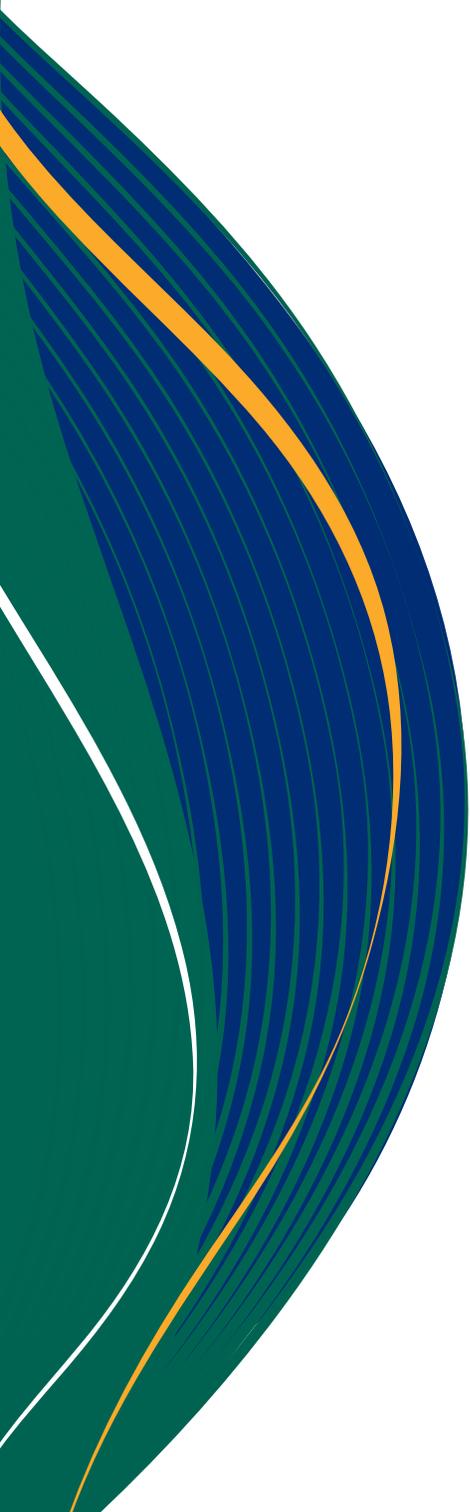
Kentucky is fortunate to have several state-based financial aid programs –administered by the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) – to help our citizens. These resources include a unique balance of need-based grants, merit-based scholarships, work-study opportunities, state-based loan products and college-savings plans to 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 these agencies administer the state-based aid, but they also work to help families plan and prepare for college. They tirelessly counsel Kentuckians on the importance of continuing their education beyond high school.

I am proud of Kentucky's investment in education. With the service and commitment from agencies such as KHEAA and KHESLC, our citizens will be able to achieve their educational goals and be prepared for the demands of the 21st century workforce.

Sincerely,

Steven L. Beshear



Message from the Executive Leaders

Welcome to the Kentucky Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation's (KHESLC) Fiscal Year - 2015 Annual Report.

KHEAA and KHESLC's mission is to expand educational opportunities by providing financial and informational resources that enable Kentuckians to attain their higher education goals, and to stand strong in our resolve to keep Kentucky's college-bound citizenry at the core of our mission.

In FY2015, our robust outreach activities continue to reach every county in the Commonwealth helping students and their families prepare and plan for college; our contract services, KHEAA Verify and Cohort Default Management Services, have continued to expand and grow; fees were eliminated on two of our Advantage Loan Repayment options; and our private loan portfolio continues to grow, expanding 25% this fiscal year.

We continue to provide Kentucky students with grants and scholarships to help fund their education. In FY2015, we provided more than \$209 million in funding for Kentucky students pursuing higher education. Additionally, we awarded more than \$1.8 million in loan forgiveness to Kentucky's eligible teachers, nurses and public attorneys through our Best In programs.

KHEAA and KHESLC continue to meet the changing demands of postsecondary education financing and develop innovative services to help our students, colleges and universities.

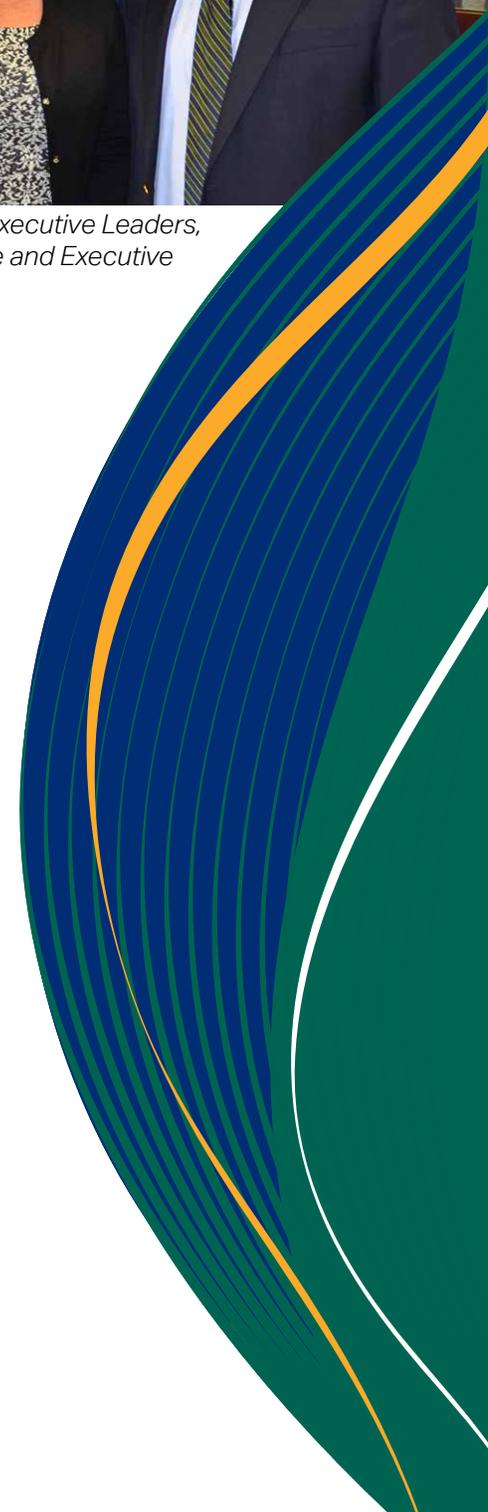
We are proud of the role KHEAA and KHESLC's programs and services play in shaping Kentucky's future. We continue to focus on our core mission and expand educational opportunities.

Board Chair Lisa Payne

Executive Director Carl P. Rollins



*KHEAA and KHESLC Executive Leaders,
Board Chair Lisa Payne and Executive
Director Carl P. Rollins*



About KHEAA and KHESLC

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.

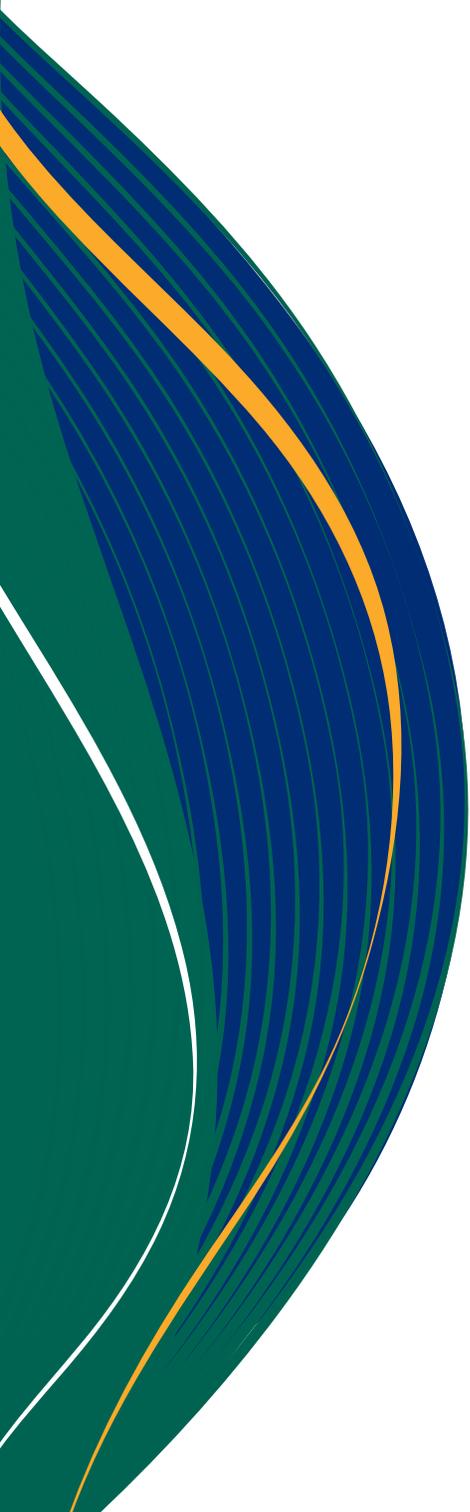
KHEAA is attached to the Finance and Administration Cabinet for administrative purposes.

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 are united in pursuing their mission to ensure that 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.



KHEAA and KHESLC's Leadership

Leadership Team

Dr. Carl P. Rollins, 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

Mary Henry, Senior Vice President of Operations

Erin Klarer, Vice President of Government Relations

Jodi Renn, Vice President of Internal Audit

David Bailey, Vice President of Guarantor Operations and School Services

Chris Thacker, Vice President of Asset Management

April Johnson, Corporate Controller

Board of Directors

Lisa Payne, Board Chair
Economic Development Leader, LG&E and KU
Louisville

David L. Allen
Executive Director, Governor's Office of Constituent Services
Frankfort

John Cheshire
Senior Portfolio Manager, Dividend Asset Capital
Beaufort

Erica Horn, Chair-Elect
Attorney, Stoll Keenon Ogden PLLC
Lexington

Becky Lamb
VP Contracting, University of Louisville Physicians
Louisville

Brent A. McKim, Program Committee Chair
Teacher, Jefferson County Teachers Association
Louisville

Kristi P. Nelson
Attorney, Pomeroy IT Solutions, Inc.
Union

Barbara Sexton Smith
Chief Liaison, Compassionate Schools Project
Louisville

Charles Vinson
Retired Financial Aid Director, Murray State
University
Murray

J. Scott Wantland
Attorney, Wantland Law
Shepherdsville

Ex Officio Members

Dr. Gary S. Cox, Finance and Audit Chair
President, Association of Independent Kentucky
Colleges and Universities
Frankfort

Todd Hollenbach
State Treasurer
Frankfort

Dr. Terry Holliday
Commissioner, Kentucky Department of Education
Frankfort

Robert King
President, Council on Postsecondary Education
Frankfort

Lori H. Flanery
Secretary, Finance & Administration Cabinet
Frankfort

Outreach Services

Kentucky's college-going rate has been greatly impacted by KHEAA and KHESLC's Outreach Services. These services provide information about higher education opportunities. Our programs help students make informed decisions about pursuing higher education and choosing wisely from the financial aid options available to them.

Outreach activities are designed to increase participation and completion rates, as well as respond to the needs of college-bound students and their families.

In FY2015, Outreach Services staff counseled more than 180,250 Kentuckians on preparing for and reaching their higher education goals and touched the lives of citizens in each of Kentucky's 120 counties.

Regional and mobile outreach counselors conducted 5,696 presentations, set up 702 exhibits, traveled more than 314,780 miles and made over 3,300 visits to schools, community contacts and other programs throughout the state.

Our outreach services are effective because we work with other agencies and organizations that share a common mission. In FY2015, we partnered with numerous community, state, regional and national college access programs and retention initiatives and organizations to improve the college-going rates among Kentuckians and to help students complete their degrees.

Completing a FAFSA

The Free Application for Federal Student Aid (FAFSA) is used to apply for state and federal aid. The U.S. Department of Education uses information from the FAFSA to calculate an expected family contribution (EFC) for each student. The EFC, based on a formula set by Congress, and updated annually, determines if a student is eligible for a Federal Pell Grant and other funds. For the 2014–2015 academic year, students were eligible for Pell Grants if their EFC was less than \$5,157.

In Kentucky, approximately 75% of all students who submitted a FAFSA were eligible for Pell Grants. More than 52% of the FAFSAs received by KHEAA were for students whose EFC was zero, meaning the federal government did not expect students to pay anything toward their college education. Forty-two percent of the students with zero EFCs were dependent students.

The number of FAFSA filers has increased an average of nearly 13,000 students per year for the past decade. Over that same timespan the number of FAFSA filers has increased an average of 1,008 students. Since 2006, the number of adults 25 and over filling out a FAFSA has increased by an average of 7,000 per year, and the number of first-generation students filling out a FAFSA has increased by an average of 5,700 per year.

2015 FAFSAs

277,772 Kentucky residents filled out a FAFSA

> 28% were first-time college students

> 55% were first-generation college students

> 13% were GED recipients or home schooled

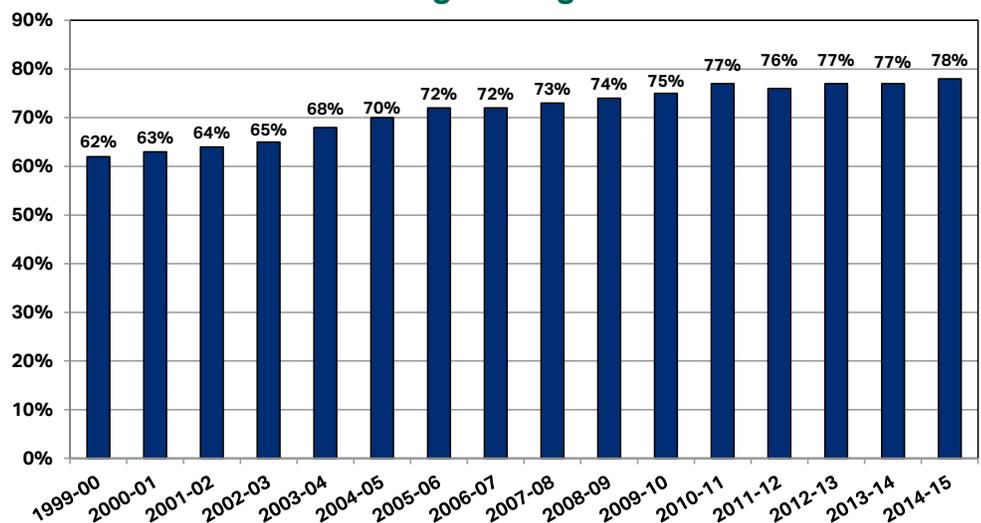
College Enrollment

The ultimate goal of KHEAA outreach is for Kentucky students to enroll and succeed in college. The number of recent Kentucky high school graduates continuing onto a Kentucky college within one year of high school graduation has increased by an average of 51 students per year over the past decade. Enrollments have remained steady despite substantial increases in college costs.

High Achieving Kentucky High School Graduates

The number of high-achieving Kentucky students staying in Kentucky for college has also been increasing steadily over the years. The number of Kentucky high school students with an ACT score of 28 or above attending college increased from 62% in the Class of 1999-00 to 78% in the class of 2014-15.

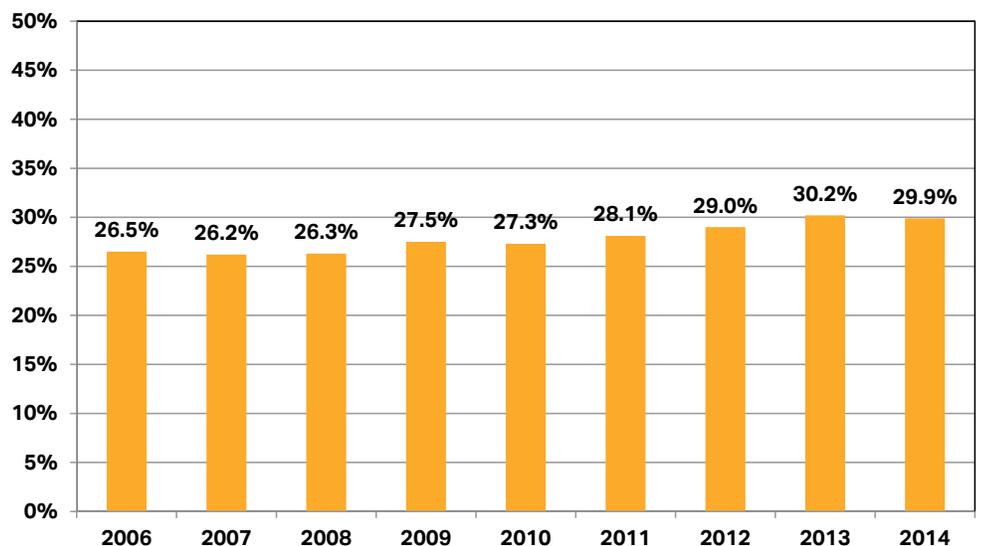
Kentucky High School Graduates with ACT Exam Score of 28+ College Going Rate



Long-Term Effects

KHEAA and KHESLC outreach and programs are paying dividends for the Commonwealth as a whole. The percent of Kentucky residents with a bachelor's degree is increasing. According to the American Community Survey (U.S. Census Bureau), the percent of Kentucky adults 25 and older with a postsecondary degree has increased from 26.5% in 2006 to 29.9% in 2014. The increase is a good sign for the long-term goals of Kentucky.

Percent of Kentuckians Age 25 Years or Greater Who Earned Postsecondary Degrees



Source: American Community Survey 1-Year Estimates

Outreach Services

Close the Deal

Concerned about the ability of Louisville's future workforce to fill high-paying, knowledge-based jobs, when Jerry Abramson was mayor of Louisville (1986 – 1999, 2003 – 2011) he wanted to challenge high school students who might not be thinking of going to college to pursue some sort of postsecondary education or training. His approach, called Close the Deal, was designed to counteract the factors that hinder students from making the transition from high school to college by creating a college-going culture, improving transitions to postsecondary education and providing students and caring adults with college knowledge.



KHEEA Outreach Counselor Candice Johnson speaks to students during a Close the Deal event at Ohio County High School.

The success of the initial program prompted former Lt. Governor Abramson (2011-2014) to create a statewide partnership, working with 55,000 Degrees, the Council on Postsecondary Education, the Kentucky Association for College Admission Counseling, the Kentucky Association of Student Financial Aid Administrators, the Kentucky Department of Education, KHEEA and others, to expand the initiative to selected high schools across the Commonwealth.

The Close the Deal program helps Kentucky high school seniors make the transition to college by assisting them with the admission and financial aid processes. Schools, community leaders and business representatives work with local students in setting and meeting their goals for college and future careers. Students hear from state and 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. State education officials are also brought in to assist counselors with college and career advising. The day-long events are held during the month of October.

Schools selected to participate in the official 2014 fall program were Breathitt County, Campbellsville Independent, Livingston County and Ohio County High Schools. KHEEA outreach counselors in every region of the state also worked with schools returning from previous years and with new schools putting on their own, independent programs.

In January 2015, upon Abramson's acceptance of a position with the Obama administration at the White House, KHEEA Outreach was designated to lead the program moving forward.

Kentucky College Application Month

November 2014 was proclaimed College Application Month (CAM) in Kentucky by Governor Steve Beshear, and also National College Application Month by President Barack Obama. Kentucky's program is 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. This marked the fourth year for the program in Kentucky, which helps high school seniors apply to college.

Participation in FY2015 was at an all-time high with 176 schools and organizations registering to participate.

Interested schools were asked to register on the official CAM website. All schools that registered by June 30 were given free promotional materials to help make their events special, including folders for students to organize application materials, "I Applied" stickers to give to students once they completed applications and posters to promote the event in the school and community. In addition, every school had access to an online toolkit with a variety of resources to help schools administrators, counselors and students. The registration process also helped KHEAA better track participation and communicate important program updates to participants.

There was also an increased social media presence for the 2014 CAM program. Using the hashtag #whyichose, part of a national social media campaign, KHEAA asked administrators, educators, students, parents and the general public to post to Facebook and Twitter their reasons for choosing to go to college. There was a variety of response to this campaign, including a post from former Lieutenant Governor Jerry Abramson in which he said "Only through higher education would I be able to expand my options in life!"



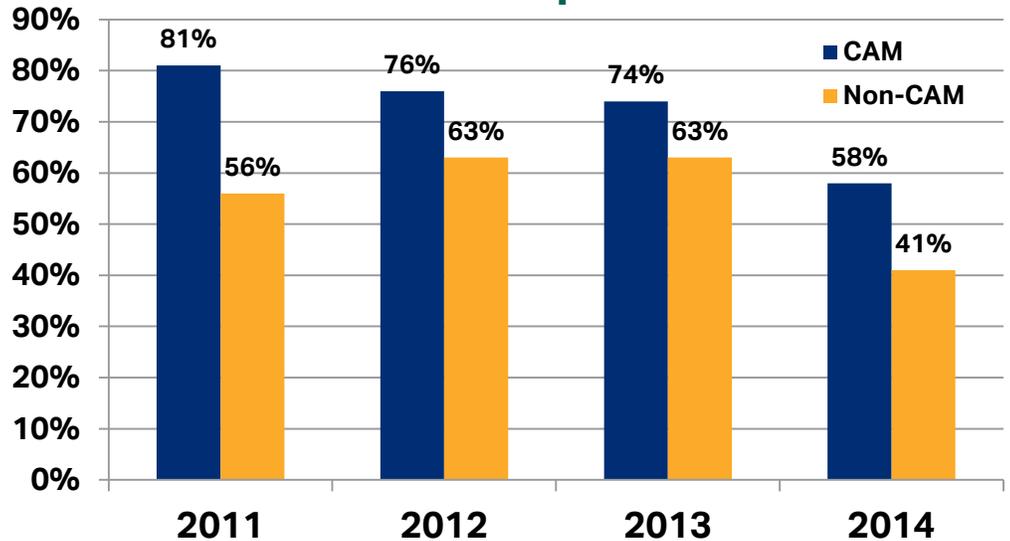
Outreach Counselor Toni Wiley posed with students at Bardstown High School during College Application Month.

Outreach Services

Kentucky College Application Month, cont.

Schools were asked to submit data following their events, primarily consisting of the number of students who participated and the number of applications submitted during the event. Eighty-two of the 176 schools that registered for CAM submitted data. From these 82 high schools, some 9,600 seniors participated and submitted nearly 22,500 applications. The data submitted from the schools also showed that the students who participated in CAM activities completed

CAM vs. Non-CAM FAFSA Completion Rate

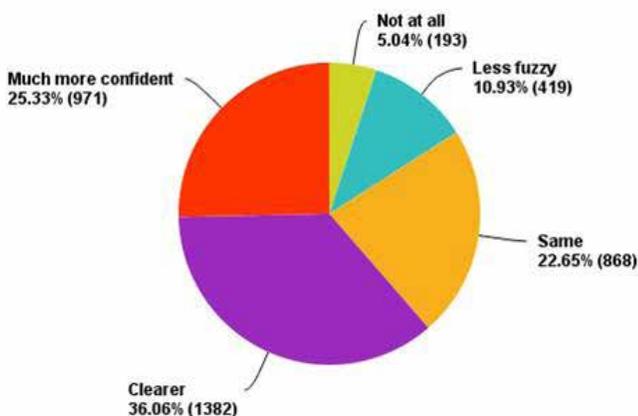


the FAFSA at a higher rate than students who did not participate. This is significant because research suggests that FAFSA completion is a strong indicator of intention to enroll in college.

Also, students were asked to complete an online survey about CAM. One question asked if they thought the information and activities had changed the likelihood that they would attend college after graduating from high school. The first pie chart below shows that 72.3% of respondents said CAM activities helped them feel better prepared to fill out college admission applications. The second pie chart shows that 76.3% of respondents thought that CAM activities changed their likelihood of going to college after they graduate from high school.

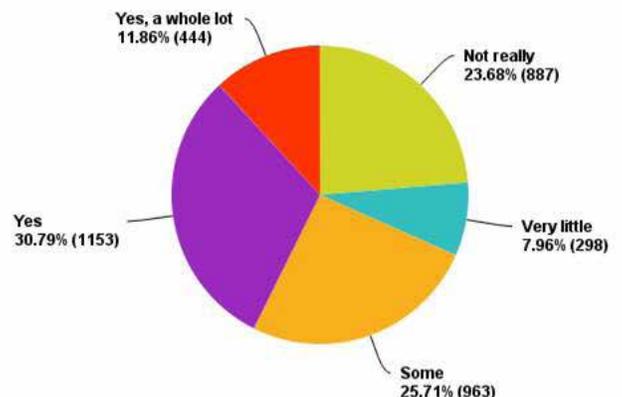
Q2 How well prepared do you feel now about filling out your college applications?

Answered: 3,833 Skipped: 9



Q8 Do you think the College Application Month information and activities changed the likelihood that you'll go to college somewhere after you graduate?

Answered: 3,745 Skipped: 97



Kentucky College Coaches Program

KHEAA is honored to continue to be a part of the Kentucky College Coaches Program. FY2015 marks the fifth consecutive year in which KHEAA has participated. The program is a collaboration between KHEAA and four other college access groups: AmeriCorps, Berea College, Northern Kentucky University and the Kentucky Campus Compact.

College coaches are recent college graduates placed in high schools across the commonwealth. The coaches provide access services to the entire student body at each assigned school, paying close attention to high-risk students who have demonstrated potential to be successful in higher education programs.

Many coaches work with their regional KHEAA outreach counselor to plan and implement College Application Month activities and help students gather information for completing their FAFSA, prepare for the ACT and take college tours.

Coaches also work with students to complete their "Getting the Facts," a free college and cost comparison tool, which helps them make informed decisions about their higher education options.

This program serves up to 100 core students at each of the 53 high schools selected across the state. KHEAA sponsors 30 of the 53 coaches.



Kentucky College Coaches

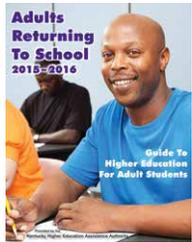
2014-2015 Schools with College Coaches

Anderson County High School
 Breckinridge County High School
 Caldwell County High School
 Calloway County High School
 Carter County High School
 Casey County High School
 Christian County High School
 Edmonson County High School
 Fayette County—Tates Creek
 Fleming County High School
 Floyd County—South Floyd
 Gallatin County High School
 Grant County High School
 Hardin County—North Hardin
 Harrison County High School
 Jefferson County—Southern
 Jefferson County—Valley
 Kenton County—Holmes
 Knox County—Lynn Camp
 LaRue County High School
 Marion County High School
 McCracken County High School
 McCreary Central High School
 Meade County High School
 Ohio County High School
 Pendleton County High School
 Pike County—Belfry
 Powell County High School
 Warren County—Warren East
 Whitley County High School

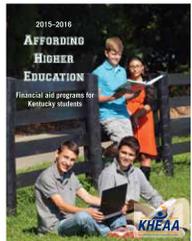
Publications

KHEAA produces and distributes free college and career resources to school counselors, college admission and financial aid officers, adult centers, public libraries and college fairs. These resources are also available on kheaa.com.

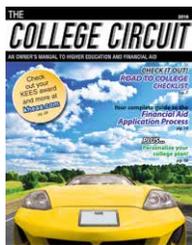
Materials are targeted to specific audiences such as middle school, high school and adult students. Others address specific topics such as financial literacy and financial aid programs. They include both federal and Kentucky-specific data.



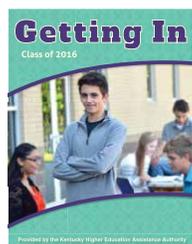
Adults Returning to School is geared to non-traditional students. It lists every Kentucky college, the degrees offered and the current year's prices. It also gives tips on preparing for going back to school and ways to locate funding.



Affording Higher Education lists more than 5,000 financial aid programs available to Kentucky residents or to students attending school in Kentucky.

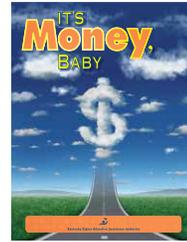


The College Circuit contains information about careers, college preparation, student financial aid and financial literacy which is suitable for students of all ages.

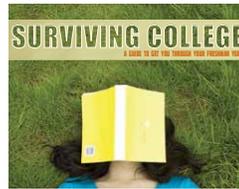


Getting In is a complete list of Kentucky colleges, the degrees offered and the current year's prices. Copies are sent to high schools for distribution to all juniors.

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. This publication is available in Spanish as well.



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.



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.

Important figures to note for FY2015:

- > KHESLC Facebook page likes rose from 1,397 to 2,191 (57% increase)
- > KHESLC Twitter followers rose from 685 to 1,002 (46% increase)
- > KHEAA Facebook page likes rose from 7,554 to 9,606 (27% increase)
- > KHEAA Twitter followers rose from 2,681 to 3,539 (32% increase)
- > Subscribers to eNewsletters rose by 4%
- > Number of publications distributed saw a 6% decrease in printed materials due to online presence.

State Grants and Scholarships

KHEAA remains passionate about our mission of helping Kentuckians achieve their educational goals. Our administration of the student financial aid programs to Kentucky's college-going citizens plays a vital role in helping them reach those goals.

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

The College Access Program (CAP) Grant and Kentucky Tuition Grant (KTG) help financially-needy students pay for college.

Kentucky Lottery revenue funds 94% of state student aid awards disbursed by KHEAA. The remainder is funded by Coal Severance Tax, Tobacco Settlement Funds, federal funds, civil penalties under KRS 199.990 and KHESLC revenue transfers.

KHEAA pays all costs in administering student aid programs, ensuring that every state-appropriated dollar goes directly to students.

During FY2015, KHEAA disbursed over \$209 million in the form of grants, scholarships and work-study programs.

Best In Awards (For FFELP Borrowers)

Each year, KHESLC sets aside revenue to fulfill its commitment to Kentucky teachers, nurses and public service attorneys who qualify for the Best in Class, Best in Care and Best in Law benefits.

In FY2015, KHESLC distributed nearly \$1.8 million in Best In awards to 2,746 qualified applicants.

Best In Class \$1,281,554 to 1,602 Kentucky teachers

Best In Care \$484,149 to 1,124 Kentucky nurses

Best In Law \$8,336 to 20 Kentucky public service attorneys

Programs	Recipients	Dollars Disbursed
College Access Program Grant	38,600	\$60,894,600
Kentucky Tuition Grant	10,660	28,529,200
Teacher Scholarship	180	1,834,400
Kentucky National Guard Tuition Award Program	1,110	5,532,400
KHEAA Work-Study	410	356,800
Osteopathic Medicine Scholarship	110	632,600
Early Childhood Development Scholarship	690	847,200
Kentucky Educational Excellence Scholarship	69,740	107,715,700
Kentucky Coal County College Completion Scholarship	540	1,834,700
Mary Jo Young Scholarship	910	482,900
Go Higher Grant	170	162,000
Coal County Scholarship Program for Pharmacy Students	50	483,800
John R Justice	20	30,200

(Recipients are rounded to the nearest tenth and dollars disbursed are rounded to the nearest hundredth.)

2015 State Legislation Impact

KHEAA had two legislative bills pass in the 2015 Regular Session of the Kentucky General Assembly, House Bills 232 and 260.

HB 232 allows high school students attending the new dual-credit residency program, the Craft Academy at Morehead State University, to earn KEES awards. HB 260 allows KHEAA to create a nonprofit entity or 501(c) (3) for future grant and fundraising for financial literacy, outreach and student financial aid. A third proposal would have given Kentuckians greater incentive to save for college through the Kentucky Education Savings Plan Trust, the state's 529 college savings plan, by making contributions tax deductible. That proposal was postponed until the 2016 budget session.

Another legislative proposal involving student financial aid that passed was HB 268, which allows students attending a Cambridge Advanced International program to earn KEES supplemental awards for their eligible exam scores.



Governor Steve Beshear signs HB 232 on the campus of Morehead State University.

School Services

KHEAA Verify

Each year the U.S. Department of Education requires institutions of higher education to verify specific information reported on some students' FAFSAs. Many colleges require FAFSA verifications to be completed prior to disbursing financial aid.

The verification process comes at a time when the institution's financial aid offices are at their busiest.

A college or university can contract with KHEAA Verify to conduct verification activity on the school's behalf. KHEAA verifies the student's and parent's information, collects the necessary documentation and corrects the FAFSA.

This service eliminates some of the school's workload, allowing 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 is awarded in a timely manner.

In FY2015, KHEAA secured new contracts with colleges from small private and community colleges to large four-year institutions and maintained existing contracts, resulting in continued growth. More than 18,835 verifications were successfully completed in the fiscal year.



Verification meeting at Western Kentucky University. Pictured left to right: Susan Martin (WKU), Ted Franzeim (KHEAA), Tricia Crowe (KHEAA), Cindy Burnette (WKU), David Bailey (KHEAA), Elaine Brumback (KHEAA) and Bryson Davis (WKU).

"I wanted to share some kind words for an amazing staff and the extra miles that they took with me. Verification is a grueling and a time-consuming process as you are aware. I just don't know how I could have done this without all of your help!"

Cathy C., mother of WKU student

School Services, continued

Cohort Default Management Services

When students do not make payments on their federal student loans, they go into default. Defaulted federal loans not only impact the lender and the borrower, but also the college or university that certified the loan for the student.

Each year, the U.S. Department of Education releases the Cohort Default Rate (CDR) for every school that receives federal aid. If a school's CDR becomes too high, it loses the ability to participate in any federal aid programs.

KHEAA created the Cohort Default Management Services to give schools a way to manage their CDR.

Cohort Default Management Services offers schools the following options to lower their rates:

Student Transition Services: Topical email messages and videos designed to provide students the right information at the time the information is needed. Messages are provided in easily digested increments beginning when the student is accepted into college and continuing through graduation.

Early Intervention: KHEAA staff will work with students who have recently graduated, withdrawn or dropped below half-time status. These students will be contacted to advise them that their student loans will be entering repayment and to offer counsel on the best ways to manage repayment.

Default Prevention: Staff will contact all borrowers in a school's cohort to explain the different repayment options and ensure the borrower is aware of all the help that is available to them. The emphasis will be to advise students of the steps they can take to avoid defaulting on their loans.

In FY2015, KHEAA had 23 contracts in place to provide Cohort Default Management Services and continues to grow. Over the year, KHEAA staff contacted over 80,900 student borrowers on behalf of our school partners.

KHEAA's overall delinquency resolution rate is over 60%, with two-year schools rate at more than 58% and four-year schools at almost 67%.

"All I can say is WOW!!! Bluegrass Community and Technical College partnered with KHEAA to perform our challenges, and our Cohort Default Rate went down by 1.5%. Great work by all and special thanks to the folks at KHEAA!!! "

Runan Pendergrast, Associate Dean of Financial Aid, Bluegrass Community and Technical College.

Loan Services

Asset Management Operations (AMO)

Debt Recovery

In FY2015, Asset Management's Debt Recovery team recovered \$140.5 million in gross collections on the defaulted FFELP loan portfolio.

Rehabilitated defaulted loans accounted for \$64.7 million, which was 46% of all collections. Rehabilitation allows borrowers to prevent involuntary collections by re-establishing a reasonable and affordable monthly payment plan. Also, rehabilitation removes the default mark from the borrowers' credit histories and restores their eligibility for student aid.

Kentucky Advantage Education Loans

In FY2015 the Kentucky Advantage Education Loan and Kentucky Advantage Parent Loan continued to expand and evolve. Guarantee fees were eliminated on immediate repayment options for our Kentucky borrowers and in this fiscal year alone, loans were made totaling more than \$8.1 million.

The Advantage Loans are the only state-based loans in Kentucky, but that is not the only thing that sets us apart from other competitors. These loans offer borrowers a fixed interest rate determined by the repayment plan they choose.

The loan's repayment and interest rate options are:

- Immediate repayment of principal and interest 4.95% to 7.09% Fixed Interest Rate with 0% guarantee fees
- Immediate repayment of interest only 5.59% to 7.09% Fixed Interest Rate with 0% guarantee fees
- Postponed repayment of principal and interest 6.49% to 7.59% Fixed Interest Rate with a 3 % guarantee fee

Loan Servicing/Default Prevention

Asset Management's Loan Servicing team effectively serviced the Advantage Education Loan portfolio. In FY2015, only 5.5% of the Advantage Loan balances were 15 or more days delinquent.

Diligent efforts are made to equip borrowers with the information they need to effectively manage and repay their loans. Less than 1% of Advantage Loan borrowers have defaulted on their loans since the inception of the program.

The Loan Servicing team also performs delinquency management and default prevention for the legacy FFELP loan program.

Borrowers who sign up to have their loan payments made via auto debit also receive a 0.50 percent interest rate reduction. All loans are credit based and cosigners are encouraged.

To apply for either the student or the parent loan, the borrower must complete an online application. KHESLC provides the funding for the loans and conducts the servicing, while KHEAA originates and disburses the funds to the schools.

In FY2015, there was a
25% increase
 in volume for The
 Advantage Education
 Loan program.

Kentucky Education Savings Plan Trust

2015 Fiscal Year Summary

For FY2015, the Kentucky Education Savings Plan Trust (KESPT) had total assets of \$179.9 million. This represented a 3.6% increase in fund value from FY2014. The number of accounts at the end of FY2015 was 15,388, an increase of 5.3% in open accounts from FY2014. For the year KESPT generated 1,704 new accounts, the second highest yearly total in the 25-year history of the program.

KESPT Activities Report

Amount in Program Fund:	\$179,938,100
Number of Accounts:	15,388
New Accounts:	1,704
Closed Accounts:	954
Net New Accounts:	750
On-Line Enrollments:	835 (49.1% of all new accounts were opened online)
Amount of Gain/Loss:	\$6,213,400

Benefit Disbursements

Amount:	\$11,070,988
Number of Beneficiaries:	2,678
Average Dollar Amount Disbursed:	\$4,134

Cancellations (Non Qualified Withdrawals)

Amount:	\$803,859 (13% increase from FY 2014)
Number:	322

Rollovers

Amount:	\$1,505,901
Total rollovers out of KESPT:	105

Selected Financial Information

As of June 30, 2015, and for the fiscal year then ended.
Dollars expressed in thousands.

	GOVERNMENTAL AND FIDUCIARY FUNDS				PROPRIETARY FUNDS	
	Governmental Fund	Federal Student Loan Reserve Fund	KHEAA		Agency Operating Fund and Internal Service Fund	KHESLC
Kentucky's Affordable Prepaid Tuition			Kentucky Education Savings Plan Trust	Operating Fund and Education Finance Fund		
STATEMENT OF NET POSITION/FUND BALANCE						
Current assets	\$12,719	\$ 17,314	\$105,413	\$180,393	\$27,012	\$27,213
Loans, net						1,159,157
Noncurrent assets	9,285		1,426		72,110	78,999
Deferred outflows of resources					475	4,149
Total assets & deferred outflows of resources	22,004	17,314	106,839	180,393	99,597	1,269,518
Current liabilities	18	507	144	456	2,400	31,862
Noncurrent liabilities		5,262	130,749		11,723	1,136,957
Deferred inflows of resources					117	20,930
Total liabilities & deferred inflows of resources	18	5,769	130,893	456	14,240	1,189,749
Total net position /fund balance	\$21,986	\$ 11,545	\$(24,054)	\$179,937	\$85,357	\$79,769
STATEMENT OF ACTIVITIES						
Program revenue/additions	214,725	78,621	4,323	60,003	24,447	33,532
Direct expenses/deductions	211,352	78,137	5,377	53,797	22,264	33,507
Total	3,373	484	(1,054)	6,206	2,183	25
Transfer to General Fund						
Interfund transfers						
Change in net position/fund balance	3,373	484	(1,054)	6,206	2,183	25
Net position at beginning of year, as restated	18,613	11,061	(23,000)	173,731	83,174	79,744
Net position at end of year	\$21,986	\$11,545	\$(24,054)	\$179,937	\$85,357	\$79,769

KHEAA and KHESLC's audited financial statements are available at kheaa.com and kheslc.com or by calling (502) 696-7421.



Kentucky Higher Education
Assistance Authority
P.O. Box 798
Frankfort, KY 40602-0798
800.928.8926
Kheaa.com

Kentucky Higher Education
Student Loan Corporation
P.O. Box 24266
Louisville, KY 40224-0266
800.678.4625
Kheslc.com