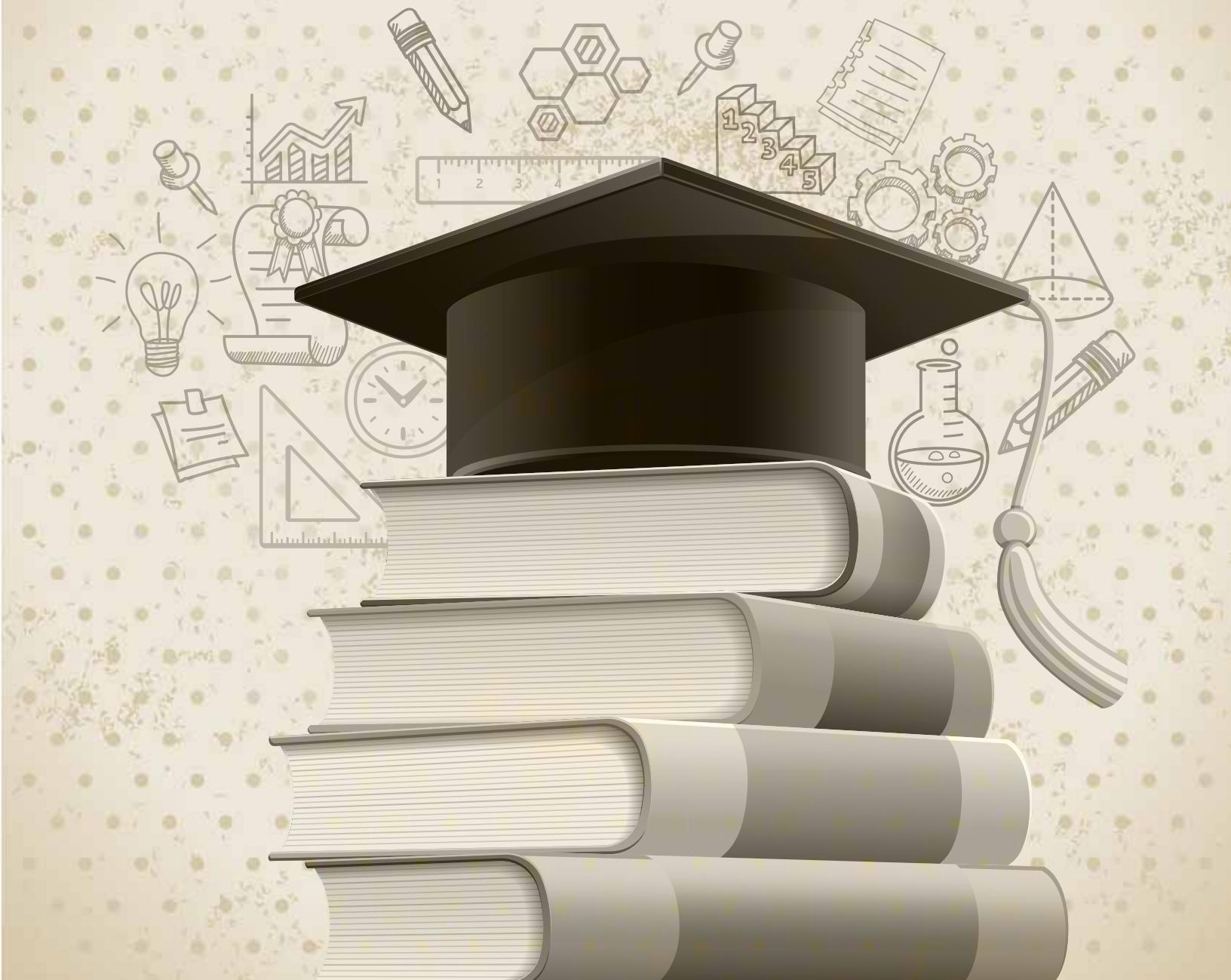


Kentucky Higher Education Assistance Authority
Kentucky Higher Education Student Loan Corporation

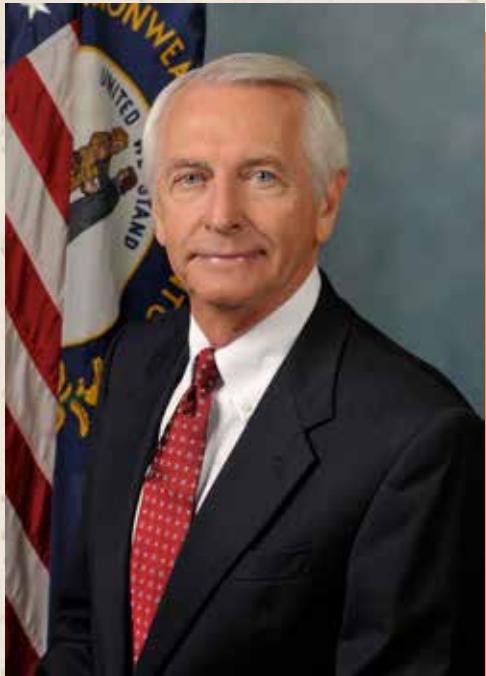
Annual Report

Fiscal Year 2014

Creating Brighter Futures for Kentuckians



A Message from the Governor



Governor Steven L. Beshear

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. An educated workforce allows Kentucky to compete internationally to attract new business opportunities that will help grow our economy and improve our citizens' lives.

Kentucky is fortunate to have robust 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 reach their goals. 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 outstanding public or private colleges and universities, community and technical colleges, trade schools or online programs.

These agencies help prepare families to fund the costs of higher education.

I am proud of Kentucky's investment in education. With caring 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,

A handwritten signature in black ink, appearing to read "Steven L. Beshear".

Steven L. Beshear

Message from the Executive Leaders

Welcome to the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation's (KHESLC) Fiscal Year - 2014 Annual Report. Whether you are a valued colleague or a prospective customer looking for information about our agencies, we hope you find the pages that follow informative and stimulating.

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 we stand strong in our resolve to keep Kentucky's college-bound citizenry at the core of our mission.

In FY2014, KHEAA was awarded a grant from the Kentucky Latino Educational Alliance to have select pages from kheaa.com and publications translated into Spanish. KHEAA also began production and promotion of "Getting the Facts," a free college cost comparison report geared to high school juniors and seniors.

We continue to provide Kentucky students with grants and scholarships to help fund their education. In FY2014, we provided more than \$207 million in funding for Kentucky students pursuing higher education. Additionally, we awarded more than \$4.3 million in loan forgiveness to Kentucky's eligible teachers, nurses and public attorneys through our Best In programs.



KHEAA/KHESLC Executive Leaders, Executive Director/CEO Carl P. Rollins and Board Chair John Cheshire

KHEAA and KHESLC continue to evolve to meet the changing demands of postsecondary education financing, as well as to 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 expanding educational opportunities by providing financial and informational resources that enable Kentuckians to attain their educational goals.

Board Chair John Cheshire
Executive Director/CEO Carl P. Rollins

KHEAA/KHESLC Leadership

Leadership Team

Dr. Carl P. Rollins, Executive Director/Chief Executive Officer

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

John Cheshire, Board Chair
Senior Portfolio Manager,
Dividend Asset Capital
Beaufort

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

Dr. Elaine Farris
Superintendent, Clark County Board of Education
Winchester

Erica L. Horn, Finance and Audit Chair
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, Past Chair
Attorney, Pomeroy IT Solutions, Inc.
Union

Lisa Payne, Chair-Elect
Economic Development Leader,
E.ON U.S.
Prospect

Barbara Sexton Smith
President, Fund for the Arts
Louisville

J. Scott Wantland
Attorney, Wantland Law
Shepherdsville

Ex Officio Members

Dr. Gary S. Cox, Secretary-Treasurer
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 and Administration Cabinet
Frankfort

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.

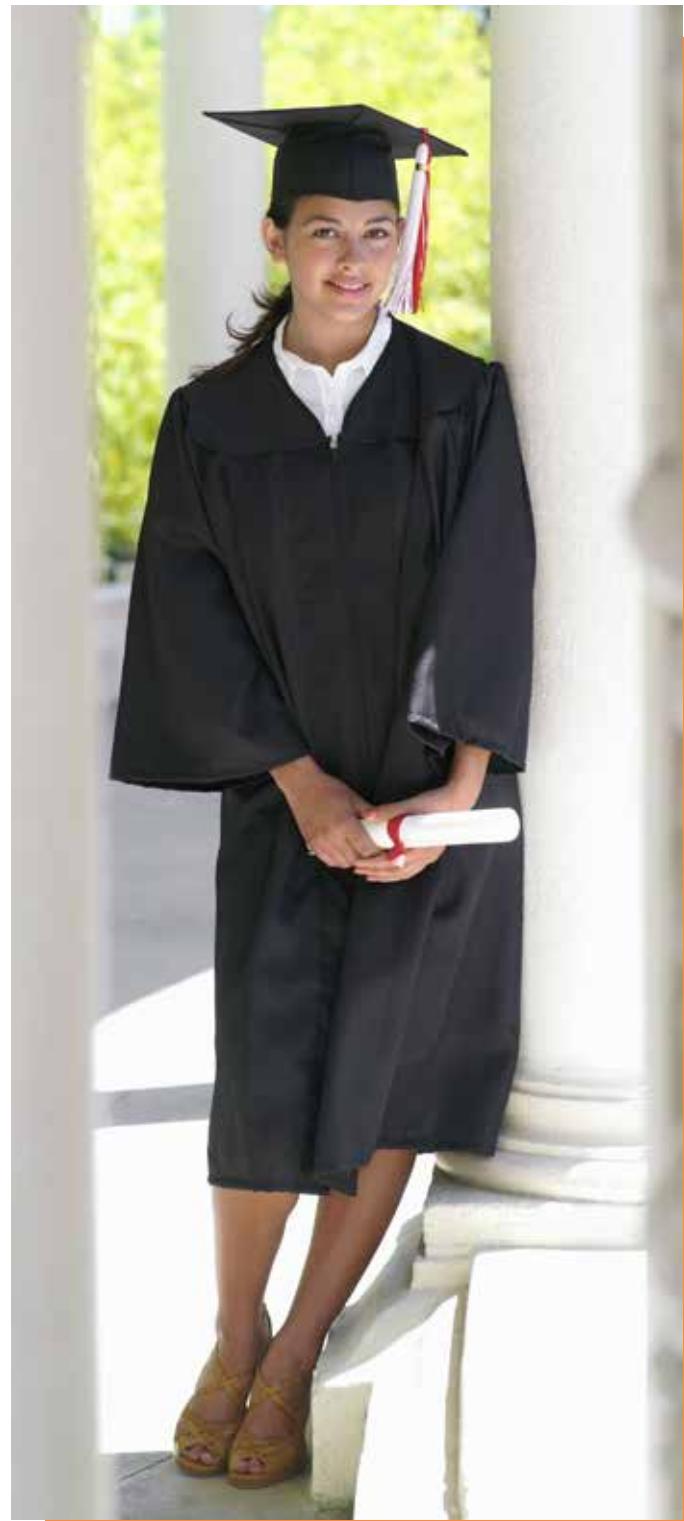
KHEAA is attached to the Finance and Administration Cabinet for administrative purposes.

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 on 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.



Outreach Services

Who Completed the FAFSA?

For the 2014-2015 academic year, 261,644 Kentucky residents filled out a Free Application for Federal Student Aid (FAFSA). Of those:

- 29% were first-time college students
- 43% were first-generation students
- 14% were GED or home-schooled students

Kentucky's college-going rate has been impacted greatly by KHEAA and KHESLC's Outreach Services. Our services continue to 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 FY2014, staff counseled more than 188,900 Kentuckians on preparing for

Close the Deal

KHEAA partnered with Lieutenant Governor Jerry Abramson and Kentucky Department of Education Commissioner Terry Holliday in Close the Deal events. The program supports seniors as they move from high school to college. Close the Deal brings important community and business leaders, college admissions and financial aid representatives together for the good of the student. The goal is to have every member of the school's graduating class apply and send a transcript to at least one college/postsecondary program. In addition, every member of the class is also directed to complete a financial aid form.

Covington Holmes, Gallatin County, Greenup County and Logan County High Schools were selected as participants for this year's events. In addition to these four target schools, KHEAA staff also worked events at Bullitt Central, Bullitt East, Campbell County, Fairdale, Iroquois, North Bullitt, Seneca, Valley and Western High Schools.

The Close the Deal initiative creates a college-going culture in high school students who are yet considering higher education. If we truly want to prepare Kentucky's next generation of leaders for the demands of the 21st-century workforce, we must continue to find ways to encourage and assist our high school students to seek additional education. Having KHEAA as a partner made a huge difference in the events and I appreciate all of your help.

Lt. Governor Jerry Abramson

and reaching their higher education goals and touched the lives of citizens in all 120 Kentucky counties.

Our outreach services are effective because we work with other agencies and organizations that share a common mission. In FY2014, 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.



Kentucky College Application Week Expanded

November 2013 was proclaimed College Application Month in Kentucky by Governor Steve Beshear.

By expanding the College Application Week program to an entire month, we can ensure that all seniors have the opportunity to receive hands-on assistance as they take the first big step towards continuing their education following high school.

KHEAA's Kentucky College Application Month is part of the American College Application Campaign

(ACAC) initiative, which focuses on providing graduating high school seniors the opportunity to receive assistance and support in filling out college admission applications. For many students, particularly those who do not have an immediate family member who attended college, applying to college can seem overwhelming. For those students, not having someone who can help them navigate the college application process can discourage them from pursuing a postsecondary education.

In FY2014, schools were asked to submit data following their events. Of the 127 schools that registered, 68 schools submitted data showing that some 8,400 seniors filled out nearly 12,600 applications.

KHEAA sponsors Kentucky College Application Month as an initiative funded by the federal College Access Challenge Grant and partners with the following agencies which provide support through resource materials and field staff counselors:

- 55,000 Degrees
- Association of Independent Kentucky Colleges and Universities
- College Access Partnership
- Council on Postsecondary Education
- GEAR UP Alliance
- Jefferson County Public Schools
- Kentucky Association for Collegiate Registrars and Admissions Officers
- Kentucky Association of Educational Opportunity Program Personnel
- Kentucky Association of Student Financial Aid Administrators
- Kentucky Campus Compact
- Kentucky College Coaches Program
- Kentucky Counseling Association
- Kentucky Department of Education
- Kentucky School Counselor Association
- Southern Regional Education Board



The number of recent Kentucky high school graduates continuing onto a Kentucky college in the fall has increased by an average of 343 students per year over the past decade.

The number of Kentucky high school students with an ACT score of 28 or above attending a Kentucky institution increased from 65% in the Class of 1999 to 76% in the Class of 2013.

Outreach Services

KHEAA College Coaches Schools FY2014

Anderson County High School
Belfry High School
Bullitt Central High School
Caldwell County High School
Casey County High School
Christian County High School
Edmonson County High School
Franklin-Simpson High School
Gallatin County High School
Harrison County High School
Hart County High School
Henderson County High School
Henry County High School
Holmes High School
Lynn Camp High School
Marion County High School
McCreary Central High School
Meade County High School
North Hardin High School
Owensboro High School
Pendleton County High School
Powell County High School
South Floyd High School
Southern High School
Spencer County High School
Tates Creek High School
Union County High School
Valley Traditional High School
Warren East High School
West Carter High School

Kentucky College Coach (KCC) Program Evaluations showed:

- KCC participants enrolled in college at a dramatically higher rate (65.7%) than that of non-participating students (49.4%) at the same high schools.
- Participants had an average GPA of 3.04, while non-participating students had an average GPA of 2.86 at the same high schools.

Kentucky College Coaches Program

KHEAA is honored to continue to be a part of the Kentucky College Coaches Program. FY2014 marks the fourth 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 state. 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,” 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

Publications

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

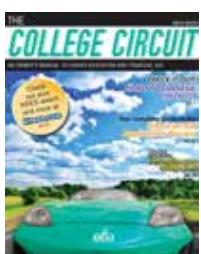
Resources are designed using feedback from our partners. Many are targeted to specific audiences such as middle school, high school and adult students. Others address specific topics such as financial literacy and financial aid programs. They include both federal and Kentucky-specific data.



Adults Returning to School lists the degrees offered and current costs for most colleges in Kentucky. It also provides nontraditional students with tips on preparing for going back to school and ways to locate funding.



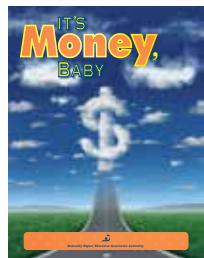
Affording Higher Education lists more than 5,000 financial aid programs available to Kentucky residents or to students attending school in Kentucky.



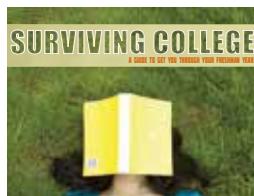
The College Circuit contains information about careers, college preparation, student financial aid and financial literacy which is suitable for students of all ages.



Getting In lists the degrees offered and current costs for most Kentucky colleges. 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 coping with homesickness, study habits, dealing with roommates, how to study for exams, money management, commuting to classes and much more are explained.



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, study habits, money management and much more are explained.

KHEAA and KHESLC Social Media

KHEAA and KHESLC both have Facebook pages and Twitter accounts. These social media sites are used to send information to our followers on interesting deadlines, current events as it impacts their educational funding and other critical details pertinent to furthering our mission.

Important figures to note for FY2014:

- KHESLC Facebook page likes rose from 722 to 1,397 (95% increase)
- KHESLC Twitter followers rose from 426 to 685 (61% increase)
- KHEAA Facebook page likes rose from 4,811 to 7,554 (57% increase)
- KHEAA Twitter followers rose from 1,789 to 2,681 (50% increase)

Subscribers to eNewsletters rose by 6%

Number of publications distributed by the Publications team increased by 44%

State Grants and Scholarships

Program	Recipients	Expenditures
KEES	68,935	\$104.9 million
CAP Grant	39,752	\$62.3 million
KTG	11,643	\$30.0 million
National Guard Tuition Award	1,004	\$4.7 million
KY Coal County College Completion Scholarship	333	\$1.2 million
Early Childhood Development Scholarship	585	\$716,800
Osteopathic Medicine Scholarship	118	\$704,300
Coal County Pharmacy Scholarship	59	\$576,300
Drive the Dream Scholarship	424	\$504,500
Mary Jo Young Scholarship	785	\$430,300
Teacher Scholarship (to scholarship recipients)	203	\$412,600
KHEAA Work-Study Program	493	\$394,200
Go Higher Grant	207	\$203,200
John R. Justice Grant	48	\$53,760

KHEAA is 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 needy students pay for college.

Kentucky Lottery revenue funds the vast majority of state student aid awards disbursed by KHEAA. The remainder is funded by the 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 FY2014, KHEAA disbursed over \$208 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 FY2014, KHESLC distributed more than \$4.3 million in Best In awards to 3,407 qualified applicants:

Best In Class	\$3,072,905 to 1,984 teachers
Best In Care	\$1,254,246 to 1,398 nurses
Best In Law	\$22,875 to 25 public service attorneys

A Note to Our CEO

Carl,

I called KHEAA to work out an issue with my daughter's KEES account. It looks like a district entry issue. But, I wanted you to know that I just had the best customer service from KHEAA. I was immediately directed to Megan Cummins, who talked me through the issue, took my contact info, gave me her direct line and said it would take a few days to sort out with the district.

Good job. She could not have been more helpful.

Marcia Seiler

2014 State Legislation Impact

House Bill 279, sponsored by Representative Mike Denham, strengthens the Kentucky Affordable Prepaid Tuition (KAPT) plan and protects account holders who have been depending on this fund to pay for their child's education. The bill sets the rate of return on accounts that are not used for educational purposes and also designates 2028 as the last year a KAPT account can be used for any purpose. By closing program loopholes, KHEAA saved the General Assembly \$20.1 million in future obligations.

Senate Bill 86, sponsored by Senator Sara Beth Gregory, was a housekeeping bill for the administration of the new Asset Resolution Corporation (ARC), which KHESLC created in 2010 to serve as the collection agency for loans other than those owned by KHESLC. To perform collection activities for the federal government's Direct Loan Program and others, ARC must be licensed as a collection agency in all fifty states. This bill reworked ARC's bylaws to place the burden of licensure paperwork on designated staff while still leaving oversight and control of ARC with the same volunteer board that governs KHEAA and KHESLC.

The Kentucky Coal County College Completion Scholarship was created through House Bill 2 and helps residents of the state's coal-producing counties complete a bachelor's degree. KHEAA will administer all aspects of the scholarship.

Another bill repealed language that had prohibited the Kentucky Lottery from advertising that its revenues funded state student financial aid programs. With the removal of this provision, the Kentucky Lottery and KHEAA have been working together on a multifaceted media campaign that is expected to increase sales and thereby increase student financial aid funding.



From left, Representative Mike Denham, KHEAA Director of Outreach Susan Hopkins, KHEAA/KHESLC Vice President of Government Relations Erin Klarer, KHEAA/KHESLC General Counsel Diana Barber, Governor Steve Beshear, KHEAA/KHESLC Executive Director/CEO Carl Rollins, Representative Jim DeCesare and Representative Derrick Graham.

School Services

"Since we started using KHEAA Verify to conduct our verification duties, staff has had more time to focus on other pressing matters and our students are being awarded aid in a more timely manner than ever before."

*Lori Mitchum,
Financial Aid Director,
Murray State University*

KHEAA's average cohort default delinquency resolution rate is over 62%, with two-year schools' rate at more than 60% and four-year schools' at almost 74%.

"I am confident that with your experience and knowledge, we are in good hands working with KHEAA. I am very appreciative that you are putting the extra resources and staff time to help at this critical juncture."

*Colleen Seltz,
Director of Financial
Aid, Somerset
Community College*

KHEAA Verify

Each year the U.S. Department of Education requires institutions of higher education to verify the information on certain students' FAFSAs. Many colleges require verification to be completed before they disburse financial aid.

The verification process comes at a time when financial aid offices are at their busiest.

Colleges and universities can contract with KHEAA Verify to conduct their 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 benefits the schools by eliminating some of their workload, allowing them 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 FY2014, KHEAA secured contracts with colleges from small private and community colleges to large four-year institutions.

Cohort Default Management Services

When students don't repay 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 can no longer participate in any federal aid programs.

KHEAA created the Cohort Default Management Services help schools manage their CDR.

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

- **Student Transition Services:** Consist of 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 contacts borrowers in repayment status who have missed or been late on a payment. Students are advised of the steps they can take to avoid defaulting on their loans.

Loan Services

Kentucky Advantage Education Loans

In FY2014, our state-based loan programs, the Kentucky Advantage Education Loan and Kentucky Advantage Parent Loan, continued to expand. For this fiscal year, loans were made totaling more than \$7.2 million.

The Advantage Loans are the only state-based education loans in Kentucky, but that isn't all that sets us apart from other competitors. We offer borrowers a fixed interest rate based on the repayment plan they choose. In FY2014, we lowered our interest rates and offered a range of rates, giving students and families more options and more savings.

The repayment and interest rate options are:

- Immediate repayment of principal and interest. 5.79% to 7.09% fixed interest rate with a 2% guarantee fee
- Immediate repayment of interest only. 5.79% to 7.09% fixed interest rate with a 2% guarantee fee
- Postponed repayment of principal and interest. 6.49% to 7.59% fixed interest rate with a 3% guarantee fee

Borrowers who make loan payments by auto debit also receive a 0.50% 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.

Federal Loan Servicing

KHESLC continues to play a part in Federal Loan Servicing, shifting from a contractor to a subcontractor role in FY2014. KHESLC currently partners with Aspire Resources, Inc., of Des Moines, Iowa. As Aspire's subcontractor, KHESLC staff is responsible for servicing at least 20 percent of Aspire's inbound call volume. KHESLC's call-center staff in Louisville continues to meet the security and other requirements of a federal loan servicer and began taking Aspire's calls in December 2013. In June 2014, the inbound call volume was increased to 25 percent. KHESLC continues to exceed the required quality scores for these phone calls, reflecting excellent communication skills, call components and job knowledge.

Asset Management Operations

Debt Recovery

Debt Recovery recorded \$140.1 million in total defaulted loan recoveries during FY2014. Of those total recoveries, \$78.7 million resulted from loan rehabilitations, which was the highest in the history of the organization. Loan rehabilitation enables student borrowers to remove their loans from default, erase the default mark from their credit histories and restore their eligibility for student aid.

Loan Servicing/Default Prevention

The Loan Servicing and Default Prevention units were successful in servicing the Kentucky Advantage Education Loans (KAEL) and Advantage Education Loans (AEL) supplemental loan portfolios. Only 3.6% of those loans were 15 or more days delinquent. Diligent efforts are made to ensure student borrowers are provided with information needed to effectively manage and repay their loans. Additionally, less than one-half of one percent of the outstanding KAEL/AEL loan balances are in default status.

Federal Asset Collections

KHESLC has been a subcontractor for Financial Asset Management Systems (FAMS) since March 2012. In this role, KHESLC performs collection activities for the U.S. Department of Education defaulted loan portfolio. This valuable experience is preparing us for future opportunities to generate additional revenue that will support the KHEAA/KHESLC mission.

Savings Plans

Kentucky Education Savings Plan Trust

The Kentucky Education Savings Plan Trust (KESPT) had total assets of \$173.7 million for FY2014. This represented a 13.9% increase in fund value from FY2013. The total number of accounts at the end of FY2014 was 14,638, an increase of 5.3% in open accounts from FY2013. For the year, KESPT generated 1,652 new accounts, which represents the second highest yearly total in the 24-year history of the program. Over 46% of all new accounts were opened online.

Fiscal Year 2014 Activities Report

Amount in Program Fund:	\$173,724,700
Number of Accounts:	14,638
New Accounts:	1,652
Closed Accounts:	924
Net New Accounts:	728
Online Enrollments:	766
Amount of Gain/Loss:	\$21,203,609
Benefit Disbursements	
Amount:	\$10,505,687
Number of Beneficiaries:	2,363
Cancellations (Non Qualified Withdrawals)	
Amount:	\$709,638 <i>18% increase from FY 2013</i>
Number:	316
Rollovers	
Amount:	\$1,489,247 <i>455% increase from FY 2013 [\$325,585]</i>
Total rollovers out of KESPT:	108 <i>275% increase from FY 2013 [39]</i>
Rollovers to KAPT:	0 <i>Since KAPT inception: 125</i>

Kentucky's Affordable Prepaid Tuition

Fiscal Year:	2014	2013	2012	2011	2010	2009	2008	2007	2006
Program Fund (amount in millions)	\$115.0	\$114.6	\$114.0	\$117.8	\$109.1	\$103.4	\$135.5	\$138.0	\$118.4
Number of Accounts	5,309	5,757	6,065	6,295	6,556	6,822	6,996	7,121	7,246
Contributions (amount in millions)	\$1.0	\$1.63	\$1.9	\$2.3	\$3.1	\$5.0	\$5.8	\$7.7	\$9.1
Benefit Disbursements									
Amount (in millions)	\$14.5	\$14.0	\$13.3	\$12.1	\$10.3	\$8.1	\$5.4	\$3.4	\$1.7
Beneficiaries	1,709	1,706	1,681	1,569	1,415	1,147	818	571	337
Per year average payout	\$8,477	\$8,226	\$7,932	\$7,735	\$7,256	\$7,085	\$6,586	\$5,914	\$5,116
Cancellations									
Amount	\$1,788,503	\$919,247	\$701,126	\$450,700	\$677,705	\$786,300	\$713,000	\$980,000	\$1,327,000
Number	96	68	48	27	59	70	77	101	264
Per year average payout	\$18,630	\$13,518	\$14,607	\$16,693	\$11,487	\$11,233	\$9,260	\$9,703	\$5,027
Rollovers									
Rolled in	0/\$0	0/\$0	4/\$20,772	1/\$61,449	0/\$0	4/\$7,864	22/\$23,516	6/\$14,100	5/\$16,300
Rolled out	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0	2/\$7,665	1/\$5,851	6/\$58,700	7/\$228,800

Selected Financial Information

As of June 30, 2014, 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 POSITIONS						
Current assets	\$ 25,603	\$ 21,181	\$ 118,403	\$ 174,016	\$ 38,003	\$ 24,826
Loans, net						1,249,419
Noncurrent assets	9,367		1,977		58,562	77,500
Total assets	34,970	21,181	120,380	174,016	96,565	1,351,745
Current liabilities	241	575	322	285	1,658	23,970
Noncurrent liabilities		9,545	143,058		3,210	1,159,266
Total liabilities	241	10,120	143,380	285	4,868	1,183,236
Deferred inflows of resources						21,813
Total net positions	\$ 34,729	\$ 11,061	\$ (23,000)	\$ 173,731	\$ 91,697	\$ 146,696
STATEMENT OF ACTIVITIES						
Program revenue/additions	216,762	94,156	18,021	67,278	36,661	43,896
Direct expenses/deductions	209,702	91,497	(11,858)	46,075	23,537	34,216
Total	7,060	2,659	29,879	21,203	13,124	9,680
Transfer to General Fund						
Interfund transfers			24		(24)	
Change in net positions	7,060	2,659	29,903	21,203	13,100	9,680
Net positions at Beginning of Year	27,669	8,402	(52,903)	152,528	78,597	137,016
Net positions at End of Year	\$ 34,729	\$ 11,061	\$ (23,000)	\$ 173,731	\$ 91,697	\$ 146,696

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

Toll Free (800) 928-8926

www.kheaa.com



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

Toll Free (888) 678-4625

www.kheslc.com