

Annual Report

FISCAL YEAR 2025

Contents

3..... Letter from the Governor
4..... Message from Leaders
5..... History and Leadership
6..... Grants and Scholarships
8..... Outreach Services
15..... Communications
17..... Legislative Update
18..... Advantage Education Loans
19..... Loan Servicing
20..... Asset Management Operations/
Cohort Default Management Services
21..... KY Saves 529
22..... Kentucky's Affordable Prepaid Tuition
23..... Financial Statement



Students and School Counselor from Eminence Independent School District.



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Andy Beshear
Governor

P.O. Box 798
Frankfort, Kentucky 40602-0798
Phone: 1.800.928.8926
Fax: 1.502.696.7373

Holly M. Johnson
Secretary

Jo Carole Ellis
Executive Director

Team Kentucky,

Together, we've positioned our New Kentucky Home as a national leader. We've shown the world that you can create new jobs and opportunities for your people while also delivering services that help them live a good life. A key secret to our success has been prioritizing education.

Higher education is a part of the American Dream, which every person deserves to achieve. It opens new doors, helps folks learn new skills, and creates a pathway for a brighter future for generations. That's why Team Kentucky has worked to make sure these opportunities are accessible to everyone, whether it's college, trade and technical schools or work-based learning.

I am grateful to the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) for their commitment to helping Kentucky students achieve their educational goals. These organizations provide invaluable financial assistance, guidance and support to thousands of Kentuckians each year, making postsecondary education more accessible and affordable.

KHEAA and KHESLC offer a wide array of grants, merit-based scholarships, educational savings programs and low-cost student loans, while also making sure families and students are aware about the options and programs available to them. Through this work, we're empowering more Kentuckians to pursue these opportunities.

In addition to the benefits these create for Kentuckians, their families and future generations, these efforts also help boost our workforce and our economy. Our skilled workforce is the force behind our record-breaking economy and through these intentional steps, we're ensuring that success will continue for years to come.

Team Kentucky is making sure the American Dream is within reach for every person who calls our great state home. Let's keep working together to ensure we build on this progress and create that brighter future for every child across our New Kentucky Home.

Sincerely,

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

Governor Andy Beshear

Message from leaders

We are honored to present the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) combined Fiscal Year 2025 Annual Report.

The work we accomplished in FY 2025 is a testament to our continued commitment to connect Kentucky students and families with the information and resources they need to successfully pursue postsecondary education. Thanks to the generosity of the Kentucky General Assembly, we have been able to fund state grant and scholarship programs at unprecedented levels, helping to further Kentucky's postsecondary attainment and workforce development goals. We have also continued to offer a wide range of higher education awareness, access, outreach, and financial literacy services.

In FY 2025, we provided \$461 million in grants and scholarships to more than 220,000 Kentucky students pursuing postsecondary education. This was a substantial increase over the previous fiscal year in both total dollars disbursed and number of students funded. KHEAA also used the \$6 million received in General Fund support to successfully administer Kentucky's 17 grant and scholarship programs and fund our statewide outreach programming. We appreciate our legislators for understanding the increased need for funding and making the investment that allowed thousands of students to pursue their education while significantly reducing financial barriers. The level of support for our state grant and scholarship programs illustrates the Commonwealth's commitment to the educational and economic success of its citizens.

We also continue to support Kentucky students and families through our low-cost Advantage Education Loan program. In FY 2025, our rates remained among the most competitive in the private student loan industry. As a mission-driven nonprofit lender, we take pride in dedicating resources and staff time to not only growing our loan portfolio, but also to educating borrowers on how to responsibly finance their education and accomplish successful repayment of their loans.

KHEAA Outreach also continues to be the only statewide college access program, with staff blanketing the state with postsecondary planning information through in-person workshops and exhibits and social media events for middle and high school students and families and adult learners returning to school. With one-time grant funds, we were also able to implement some new and innovative strategies in FY 2025 to bolster completion of the Free Application for Federal Student Aid (FAFSA) as challenges with the FAFSA Simplification rollout persisted into the start of the fiscal year. KHEAA received national recognition for our creative approach to engaging students around FAFSA completion.

We are excited about the future and remain poised to help our many stakeholders promote the importance of college accessibility and affordability. We hope the following pages show KHEAA and KHESLC's dedication to making the educational dreams of Kentucky students a reality.



Jo Carole Ellis,
Executive Director/CEO



Diana Barber,
Chief Operating Officer



Dr. Carl Rollins,
Board Chair

History

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

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

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

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

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

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

Leadership Team

Jo Carole Ellis, Executive Director/Chief Executive Officer

Diana Barber, Executive Vice President/Chief Operating Officer

David Carlsen, Chief Financial Officer

Chris Bailey, Chief Information Officer

David Bailey, Vice President of Guarantor Operations and School Services

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

Chris Thacker, Vice President of Asset Management

Theresa Hommrich, Vice President of Operations

Miles Justice, General Counsel

Elaine Brumback, Vice President of Customer Care and Business Development/Ombudsman

Board of Directors

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

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

Andrew Brennen, Secretary-Treasurer, Kentucky Student Voice Team, Lexington

Ellen Cartmell, Program Committee Chair, Kentucky Department for Public Health, Maysville

Leslie Combs, Finance and Audit Chair, Retired State Legislator, Lexington

John Dougherty, Jr., Louisville Paving & Construction, Louisville

Cathe Dykstra, Family Scholar House, Inc., Louisville

Greg Roush, Past-Chair, Retired High School Principal, Frankfort

Rita Smart, Chair-Elect, Retired State Legislator, Richmond

Ex Officio Members

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

Dr. Robbie Fletcher, Commissioner, Kentucky Department of Education, Frankfort

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

Mark Metcalf, State Treasurer, Frankfort

Dr. Aaron Thompson, President, Council on Postsecondary Education, Frankfort

Grants and Scholarships

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

Kentucky's "Big 3" are the Kentucky Educational Excellence Scholarship (KEES), the College Access Program (CAP) grant, and the Kentucky Tuition Grant (KTG) program.

KEES is Kentucky's incentive-based program that rewards academic achievement in high school and encourages the best and brightest students to stay in Kentucky for college. Students can earn a KEES award with a grade point average of 2.5 or higher, providing a great opportunity for all Kentucky students to receive a scholarship, and encouraging those who otherwise might not have considered going to college.

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

KHEAA administers 14 other scholarship programs in addition to the Big 3. The Dual Credit Scholarship helps students take college courses for free while still in high school. The Work Ready Kentucky Scholarship is designed to assist students preparing for the workforce in the state's five highest in-demand job sectors. The Kentucky National Guard Tuition Award Program provides full tuition coverage at state universities, and an equivalent at private colleges, for active members of the Kentucky National Guard. KHEAA's Teacher Scholarship program provides need-based assistance for students pursuing teaching credentials.

In FY 2025, KHEAA implemented two new programs for prospective teachers in Kentucky. The Student Teacher Stipend Program provides a stipend to eligible Kentucky students during the academic term in which they complete their student teaching requirement. The Teacher Recruitment Loan Program offers a forgivable student loan to Kentucky students enrolled in an approved teacher education program at a participating Kentucky institution.

Also implemented in FY 2025 was the new Kentucky Rural Veterinary Medicine Loan Repayment Program. This program provides loan repayment assistance to eligible livestock practitioners who engage in veterinary medicine in an under-served rural area or veterinary shortage area in Kentucky. The first round of recipients was selected in FY 2025, but the first round of disbursements will not be issued until FY 2026.

During FY 2025, KHEAA disbursed \$461 million to 222,527 Kentucky students in the form of grants and scholarships. Kentucky Lottery revenue funds a significant portion of state student aid awards disbursed by KHEAA.



"KHEAA really helped me jump-start my educational journey thanks to their KEES program. In 2015, I graduated from PCHS and was thrilled that I had \$1,441 waiting for me thanks to my hard work." -Kentucky College Coach

Grants and Scholarships Data

Program Name	Recipients	Amount Disbursed
College Access Program (CAP)*	72,130	\$232,021,200
KY Educational Excellence Scholarship (KEES)*	67,760	\$114,491,300
KY Tuition Grant (KTG)*	16,030	\$43,465,700
Dual Credit Scholarship*	29,040	\$14,520,400
Work Ready KY Scholarship*	4,650	\$12,764,000
Work Ready KY Dual Credit Scholarship*	28,650	\$11,953,700
KY National Guard Tuition Award*	1,050	\$7,176,000
Student Teacher Stipend	1,250	\$5,893,800
Veterinary Contract Spaces	160	\$5,473,200
Innovative Scholarship Pilot Program	420	\$4,401,400
Teacher Recruitment Loan Program	340	\$3,335,100
Early Childhood Development Scholarship	570	\$2,363,700
Teacher Scholarship*	320	\$1,796,200
Optometry Scholarship	55	\$830,000
Coal County Scholarship for Pharmacy Students	20	\$244,500
Early Graduation Scholarship	70	\$149,200
Osteopathic Medicine Scholarship	12	\$135,500
TOTAL	222,527	\$461,014,900

*Programs are funded by the Kentucky Lottery.

"You made my day! I thought my student could only use his KEES money for one year in college! I had no idea he could use it for up to four years!"
 -Parent at Kentucky State Fair

Outreach Services

FAFSA Student Support Strategy Grant

In FY 2025, KHEAA implemented an ambitious Free Application for Federal Student Aid (FAFSA) completion campaign fueled by two significant grants totaling nearly one million dollars. A \$977,500 grant from the ECMC Foundation and a \$9,500 grant from the National Association for College Admission Counseling (NACAC) enabled KHEAA to launch a robust summer support strategy aimed at overcoming unprecedented FAFSA challenges and ensuring more Kentucky students could secure the financial aid they needed for their postsecondary education.

This effort came during a critical time. The redesigned 2024-2025 FAFSA, which was the result of years of work at the federal level to simplify the FAFSA form and process, faced significant delays and technical issues. This caused confusion and left many students and families unsure of how to proceed. With FAFSA application numbers lagging behind previous years, KHEAA recognized an urgent need for direct, community-based assistance.

Extended Support Beyond the School Year

Early in FY 2025, KHEAA Outreach staff contributed more than 2,200 hours above and beyond their regular work schedules to provide targeted FAFSA completion assistance in every corner of the state. These extended efforts included:

- **Statewide FAFSA Office Hours:** KHEAA engaged over 50 partners to provide in-person FAFSA assistance at 70 locations such as libraries, community centers, and other public venues across the state. This help was scheduled on the same day and time each week during the month of June.
- **FAFSA Helpline:** A dedicated after-hours hotline fielded over 200 FAFSA and financial aid inquiries from across Kentucky.
- **FAFSA Bootcamps:** More than 200 college access professionals received in-depth training on the updated FAFSA form and how to implement best practices.
- **FAFSA Tailgates:** Over 100 community-based FAFSA-themed events were conducted by providing a \$3,000 stipend to host organizations.
- **FAFSA Fellows Program:** KHEAA selected 17 school counselors and college access professionals to serve as FAFSA Fellows in the month of August, reaching more than 800 students.
- **KHEAA also used grant funds to provide a FAFSA First Aid Clinic at the Kentucky State Fair and to provide FAFSA training for Kentucky College Coaches.**

The remarkable results of these efforts included 6,500 FAFSA completions in the 13-week grant cycle, representing a 20.4 percent increase in FAFSA completions overall and boosting Kentucky's FAFSA completion rate to 52.4 percent in September 2025, 1.4 percent higher than the national average.



Senior Outreach Counselor Brandon Brown helping parents at Kentucky State Fair get their students ready to fill out the FAFSA.



Outreach Staff in July 2025. *Top Left:* Dawson Arnold, Steven Held, Nate Cox, Connor Vogt, Keith Ritchie. *Middle Row Left:* Brandi Forker, Toni Wiley, Kelly Smith, Casi Benedict, Kevin Wilson, Cassidy Smith, Joplin Rice, Brandon Brown. *Bottom Left:* Brittany Foley, MacKenzie Scroggy, Jessica Gray, Montana McClain, Robin Hiter.

FAFSATHon: A Nationally Recognized Innovation

Among the grant-funded FAFSA initiatives implemented in FY 2025, one event stood out for its energy, creativity, and reach. KHEAA's first-ever FAFSATHon was held on August 13, 2024, at The Kentucky Castle in Versailles. This 12-hour live-streamed telethon invited students and families to walk in, call in, text in, or Zoom in for personalized FAFSA assistance.

The event featured continuous educational and entertainment programming, including FAFSA walkthroughs, financial aid presentations, live interviews, prize drawings, competitions, and even a performance of an original FAFSA-themed song by outreach staff member Joplin Rice. A special prerecorded message from Lieutenant Governor Jacqueline Coleman reminded students of the long-term value of completing the FAFSA.

The event's creative approach earned national recognition including features in Inside Higher Education, WLEX, and WKYT, and it sparked interest from other states seeking to replicate the model.

FAFSATHon by the Numbers:

- 350 walk-in participants, including 100 students and their families
- 72 text-in participants
- 30 call-in participants
- 23 Zoom participants
- Engagement from most Kentucky counties and 15 states nationwide



"Your attitude and willingness to help at any time today (August 13th, FAFSATHon) is extremely uplifting. I have been struggling with changes with the FAFSA and my work in general, but this event has refueled my passion. Everyone at KHEAA has been more than helpful and more than accommodating. If KHEAA was to ever host an event like this again, I will volunteer year after year." –FAFSA Fellow / Financial Aid Adviser

Kentucky Goes to College



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

The site offers a variety of resources, links, and activities to help school counselors, community leaders or college access providers implement one or more of these programs, as well as to help students who are going through the college application and financial aid processes. Schools or organizations that planned to host one or more of these initiatives during the 2024–2025 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 news and announcements.

For the 2024-25 school year, the KHEAA Outreach team continued to participate in a College Match Day pilot program through ACT and the American College Application Campaign. In the second year of this program, three high schools were selected to plan and implement match and fit activities with their junior class and participate in feedback and post-event discussion meetings. In the next school year, this initiative will be added to the Kentucky Goes to College suite of programs with implementation guides and resources housed on kygoestocollege.com. KHEAA Outreach received over \$20,000 in grant funding from the Kresge Foundation to launch this initiative. The grant period runs through the 2025-26 school year and includes over \$10,000 in direct grant support to the participating high schools.



Outreach Counselor Kelly Smith presenting Paying 101 to Shelby County High School.

Kentucky College Application Campaign



FY 2025 was the fourteenth year KHEAA sponsored the Kentucky College Application Campaign (KCAC). Kentucky's program is a part of the American College Application Campaign, a national effort to increase the number of first-generation and low-income students pursuing a college degree or credential by helping them complete admission applications.

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

Schools that registered on kygoestocollege.com were given free promotional materials to help make their events special, including "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 with a variety of resources to help administrators, counselors, and students. Registered participants also received access to training opportunities via webinar and in-person workshops, 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, X, and Instagram using the #whyapply, #iappliedky, and #kygoestocollege hashtags. Hundreds of posts used the hashtags, including posts from students touting their top college choices and schools showcasing their application events and activities.

Over 100 high schools participated in the event, reaching upwards of 25,000 seniors with admission application assistance. In addition, the site coordinators who responded to a post-event survey indicated that their students' ability to complete college admission applications was enhanced and that their schools' college-going rates were positively impacted by participating in KCAC.

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



College Info Road Show Driver/ Counselor helping student at a College Application Day.

"Thank you so much for coordinating this (College Application Day). There is no way I could have done this without you. It has been such a good day."
-High School Counselor

FAFSA Completion Challenge



The 2024–2025 school year marked the fifth year KHEAA conducted the FAFSA Completion Challenge. Public and private high schools in Kentucky were invited to join the Challenge to promote FAFSA completion for the class of 2025 and for the chance to win \$500 for their school. The goal of the Challenge is to reinforce the importance of FAFSA completion as a key step seniors need to complete to find out what resources they may receive to help pay for postsecondary education.

As a part of the Challenge, high school seniors were also given the opportunity to win one of several \$500 scholarships to help pay for educational expenses. To qualify, students had to complete a FAFSA and a brief entry form. Winners were selected by random drawing. The Challenge opened on December 1, 2024 and ran through May 1, 2025. Despite significant delays in the release of the 2025-2026 FAFSA, KHEAA still had 166 schools participate in the Challenge and over 2,200 students register for the drawing. School winners and student scholarship winners were determined and announced in May 2025.

Kentucky College Match Day



The 2024-2025 school year marked the launch of College Match Day, a new KHEAA initiative designed to help students identify colleges and programs that best align with their academic interests, financial circumstances, and career goals.

While many students know they want to go to college, choosing the right fit can be overwhelming, particularly for those who are first-generation students or are unfamiliar with the variety of postsecondary options available. College Match Day events provide high school juniors with guided opportunities to explore multiple institutions and compare factors such as admission requirements, affordability, support services, and campus life. This new initiative builds on KHEAA's mission of improving access and readiness for higher education by helping students make more informed, confident decisions about their postsecondary futures.



Outreach Counselor Cassidy Smith assists Knox Central High School students with the FAFSA.

Kentucky 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.

Over 200 schools registered in KHEAA's 2025 College Decision Day. Most College Decision Day events took place in April or May and involved recognition for seniors from school and district leaders and a culminating moment when the students signed certificates indicating where they planned to go after high school. Most participating schools have expanded their celebrations to include all postsecondary pathways including college, trade and technical school, apprenticeship, military, and workforce.

I cannot believe we were so stressed about this, that was nothing. AND I got to apply for a KHEAA FAFSA Completion Scholarship too?? Bonus!
-High School Senior



Coffee with KHEAA Podcast

KHEAA's Coffee with KHEAA podcast offers an innovative way to communicate updates, changes, and tips about all things financial aid and college access. The Outreach management team, in association with the KHEAA Communications department, post episodes twice monthly on YouTube and all podcast streaming platforms and discusses timely information for a variety of audiences including students, parents, and professionals.

From its inception in December of 2023 until June 2025, this podcast garnered over 349 downloads and nearly 295 streams from 18 different countries.

Kentucky College Coaches

KHEAA participates in the Kentucky College Coaches (KCC) Program, which is funded in part with a grant to Engage KY 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 29 participating sites for postsecondary opportunities.

KHEAA selected the sites by identifying public high schools with traditionally low college-going rates and high free-and-reduced lunch eligibility that were being served by very few or no college access programs upon selection. The 2024–2025 academic year marked the fourteenth consecutive year that KHEAA has served as an intermediary partner in the KCC Program.



Kentucky College Coach, Cohort 16 Group at Northern Kentucky University.

FY 2025 KHEAA College Coach Schools

Adair County High School	Marshall County High School
Belfry High School	McCreary Central High School
Breckinridge County High School	Meade County High School
Calloway County High School	Nicholas County High School
Casey County High School	North Bullitt High School
Christian County High School	Ohio County High School
Cumberland County High School	Powell County High School
Edmonson County High School	Southern High School
Fleming County High School	Union County High School
Floyd Central High School	Valley Traditional High School
Frederick Douglass High School	West Carter High School
Gallatin County High School	Whitley County High School
Holmes High School	
Iroquois High School	
LaRue County High School	
Lloyd Memorial High School	
Lynn Camp High School	

Program Statistics for 2024–2025

- KCC core students were offered more than \$3.1 million in scholarships.
(This does not include grants or any other type of financial aid.)
- 29 KHEAA KCCs served over 33,308 hours during their service term.
- 94% of core seniors completed at least one college admission application.
- 86% of core seniors completed the FAFSA.

Communications

KHEAA produces and distributes free college and career resources to students and parents, school counselors, college access personnel, college admission and financial aid officers, and the general public at a variety of venues and events. 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 information. In FY 2025, KHEAA distributed 256,690 print publications.

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

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

Future Forward (formerly The College Circuit) contains information about careers, college preparation, student financial aid, and financial literacy. The booklet can be used by middle school and high school students.

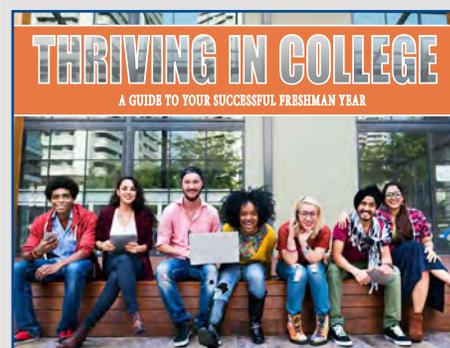
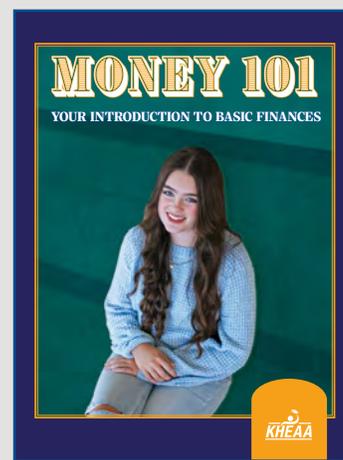
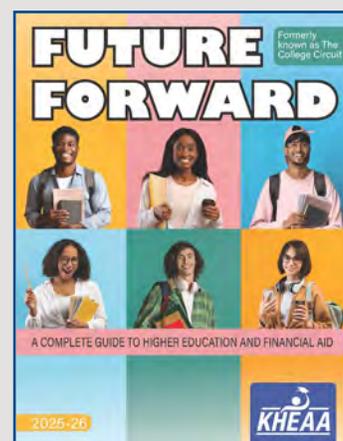
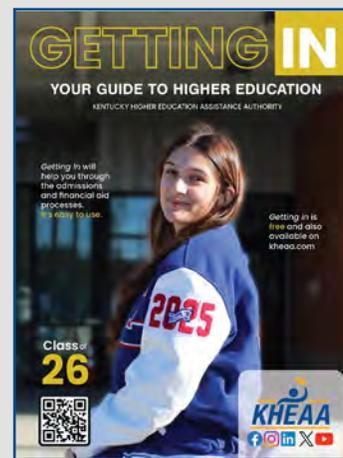
Getting In lists Kentucky colleges, the degrees offered, and the current year's costs. Copies are sent to high schools for distribution to all juniors. Portions of the book are available in audio on kheaa.com.

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

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

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

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



Social Media

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

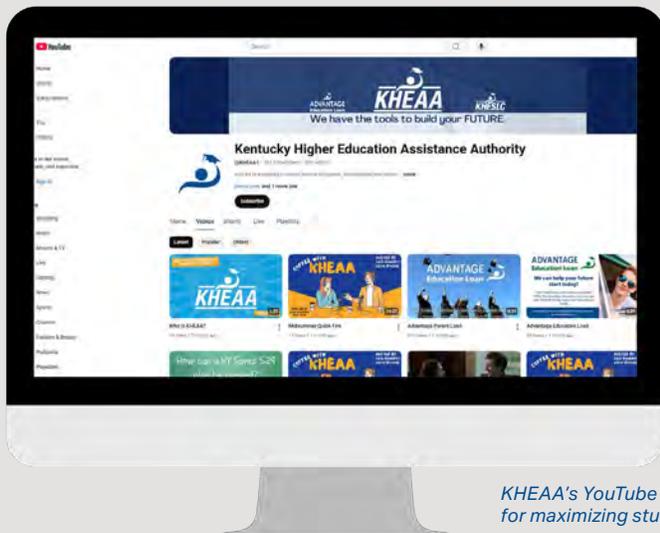
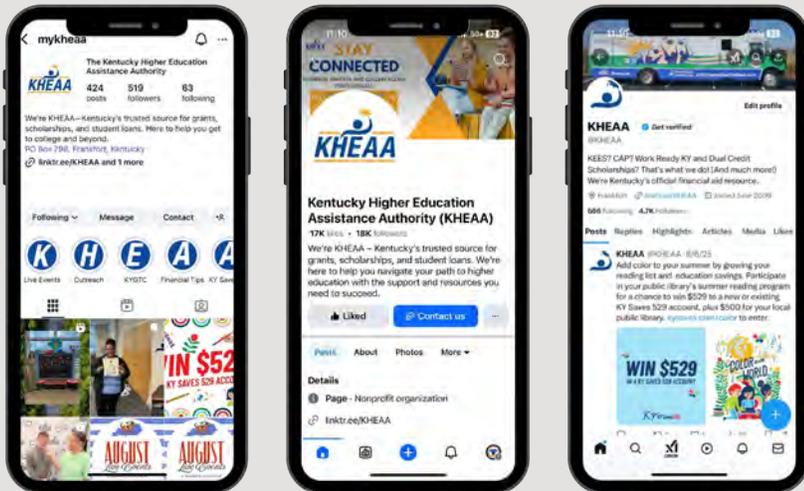
Important figures to note for FY 2025:

- KHEAA Facebook page reached 73,373 people. The page was viewed 296,309 times.
- Instagram content interactions rose 100 percent. The page was viewed 13,236 times.
- KHESLC Facebook page was viewed 7,105 times.
- AdvantageEducationLoan.com page was viewed 1,239,232 times, and page visits rose 50.8 percent.

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

Topics covered in live events in FY 2025 included FAFSA completion, college & career exploration, scholarships, KEES money, college application completion, improving standardized test scores, trade industry opportunities, student loan repayment, financial literacy, and campus resources.

Communications and Outreach staff work to create new content on a monthly basis for a variety of audiences and age ranges. Participants in the events can ask questions and receive live responses, and all content is made available for viewing after the events for those who cannot join live. Social media continues to be an efficient and effective way to reach students and parents.



KHEAA's YouTube channel offers tips for maximizing student aid.

Legislative Update

2025 Regular Legislative Session

The 2025 Regular Session of the Kentucky General Assembly delivered key legislative changes designed to give KHEAA the ability to more efficiently administer the Dual Credit Scholarship and Student Teacher Stipend Program. House Bill 193 and House Bill 263 were successfully passed and signed into law, helping to clarify program eligibility and administration of these state aid programs.

House Bill 193 introduced several modifications to the state's Dual Credit Scholarship (DCS) program. The legislation streamlines the administration of the DCS and the Work Ready Dual Credit (WRDC) scholarship by transferring language for the WRDC program from the Work Ready Kentucky Scholarship statute to the DCS statute. This will go a long way in helping to eliminate confusion among students, parents, and schools. The change will also make program administration more efficient and align with the actions of the General Assembly for the past three biennia to fund WRDC through DCS. House Bill 193 also removes the previous penalty requiring 50 percent of scholarship funds to be returned to KHEAA if a dual credit course was not successfully completed. This change eliminates significant administrative burdens for KHEAA, high schools, and postsecondary institutions for what was a negligible fiscal benefit.

House Bill 263 focused on cleaning up language in the Student Teacher Stipend Program and Teacher Scholarship statutes. For the Student Teacher Stipend Program, this legislation eliminates statutory language that conflicted with federal requirements and provides flexibility for distributing funds by providing the option for KHEAA to disburse the funds directly to student teachers. Additionally, it expands the definition of "eligible student" to specify that a stipend recipient must complete their student teaching at a Kentucky public school or school certified by the Kentucky Board of Education under KRS 156.160, and allows KHEAA to establish criteria for approving a student teacher stipend for an eligible student who is student teaching outside of Kentucky. House Bill 263 also amends the Student Teacher Stipend Program statute to allow KHEAA to make state residency determinations. All of these changes help KHEAA to run the program more efficiently and as intended to help grow Kentucky's teacher pipeline.

Finally, House Bill 263 also deleted outdated language from the Teacher Scholarship statute. With the FAFSA Simplification changes that were recently implemented, some federal terminology also changed. This legislation removes the term "expected family contribution" from statutory language to be consistent with current federal language. This change does not impact program eligibility or administration.

Both House Bill 193 and House Bill 263 highlight the partnership between KHEAA and the General Assembly to ensure Kentucky's state grant and scholarship programs are administered efficiently and for the benefit of students and the Commonwealth.

Advantage Education Loans

The Advantage Education Loan (AEL), Advantage Parent Loan (APL), and Advantage Refinance Loan (ARL) programs were created to help students and families reduce the overall cost of postsecondary education. These products continue to rank among the most competitive private (alternative) loan options in today's marketplace.

In FY 2025, KHESLC originated approximately \$36 million in new loan volume, bringing the total outstanding portfolio to nearly \$250 million at year-end. Through strong outreach and marketing efforts, 520 colleges and universities included the Advantage Education Loan and Advantage Parent Loan on their preferred lender lists—a 5% increase over the previous year.

Advantage Loans at a Glance

- Education & Parent Loan Rates (Kentucky borrowers): 3.18% – 10.94%, with an additional 0.25% rate reduction for autopay
- Education & Parent Loan Rates (Non-Kentucky borrowers): 3.66% – 11.94%, with an additional 0.25% rate reduction for autopay
- Refinance Loan Rates: 5.15% – 10.69%, with an additional 0.25% rate reduction for autopay
- Lending available in 40 states
- Owned, originated, and funded by KHESLC
- Serviced locally by ARC Servicing



We can help your student start today!

With **FIXED** rates, **LOW** interest, and **ZERO FEES**, the Advantage Education Loan can take their mind off money so they can focus on their future.

ADVANTAGE
Education Loan 

Apply today at www.AdvantageEducationLoan.com
or call 800.988.6333.

"Fast call, simple answers and solutions.
Thank you for making life a little easier."
–AEL Borrower

What sets Advantage Loans apart is KHESLC's mission-driven, nonprofit approach. Our focus is not on profit margins but on supporting student success and ensuring positive repayment outcomes. Unlike many private lenders, Advantage Loans are never sold, allowing borrowers to maintain a stable, consistent relationship with their loan servicer throughout the life of the loan.

Borrowers also benefit from KHESLC's partnership with a dedicated, customer-focused servicer that provides personalized support from enrollment through graduation and into full repayment.

KHESLC remains committed not only to funding education but also to empowering students to complete their academic goals and successfully manage repayment.

Loan Servicing



In FY 2025, KHESLC continued using ARC Servicing to support borrowers' successful repayment of their education loans. ARC Servicing answered calls and reached out offering multiple options to borrowers who were struggling to make payments or had questions regarding loan forgiveness, income-driven repayment plans, and Department of Education initiatives. Work also began on the transition to a new servicing system to increase efficiencies and make it easier for borrowers to successfully repay their education loans.

ARC Servicing supports more than 30,000 borrowers with \$651 million in outstanding balances. A summary of the Servicing department is below:

Loan Servicing

Loan Servicing reached out to borrowers and comakers making 786,000 calls to help them resolve their delinquency. Over 250,000 inbound calls were received, and borrowers were helped to successfully repay their loans. In addition, 1,480 emails were handled.

Loan Administration

Loan Administration processed 41,000 tasks to assist borrowers. These tasks included updating repayment plans, placing eligible borrowers in forbearance and deferment, checking for military service and subsequent interest rate discounts, processing loan consolidation certificates, onboarding rehabilitation loans, and filing claims. Quality assurance staff reviewed transactions and borrower accounts to make sure processing was complete and accurate.

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. Borrowers are also matched to the Department of Defense database to determine if they are eligible for the Servicemember Civil Relief Act benefits.

"Dana was amazing. She helped me log into my account and also walked me through the steps to complete the income-based repayment option. She was patient and kind and just the best customer service ever. I really appreciate her being so professional. Thanks again, Dana." -Loan Borrower

Asset Management Operations

The Asset Management Operations (AMO) department is responsible for all debt collection activities for the defaulted Federal Family Education Loan (FFEL) portfolio, which comprises more than \$443 million in outstanding balances. Additionally, AMO performs collection activities for the defaulted Advantage Education Loan (AEL), Advantage Parent Loan (APL), and Advantage Refinance Loan (ARL) accounts.

While permissible collection activities on FFEL loans were limited by the U.S. Department of Education (ED) during FY 2025, AMO continued to answer incoming calls and place outbound calls to FFEL borrowers and assist them in resolving their default status. Staff members helped borrowers establish voluntary payment arrangements, reinstate their eligibility for financial aid, and improve their credit histories. Staff also assisted AEL, APL, and ARL loan borrowers with establishing voluntary payment arrangements, which enabled borrowers to avoid involuntary collections such as administrative wage garnishment and placement with an external debt collection attorney.

AMO's Debt Recovery Administration (DRA) staff perform multiple activities that are crucial to the administration of the defaulted FFEL student loan portfolio. DRA staff responsibilities include administering the Treasury and state offset processes, as well as ensuring that borrowers' requests for correspondence are completed in a timely manner. Additionally, DRA researches and compiles all required files and documentation for loans that are scheduled for assignment (subrogation) to ED.

Cohort Default Management Services

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

Each year, the U.S. Department of Education releases the Cohort Default Rate (CDR) for every school that receives federal aid. Schools may face significant consequences if their CDR is too high over the course of three subsequent years.

KHEAA's Cohort Default Management Services (CDMS) are comprised of two types of engagement to help schools manage and lower their CDR. These include:

- 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 importance of program completion, available repayment options, and any deferments and forbearances that may be available.
- Default Prevention Service – Staff contact all borrowers in a school's cohort of students who entered repayment in a given year to explain the different repayment options and any deferments or forbearances that may be available. Special focus is given to borrowers who have become delinquent on their loan payments.

In FY 2025, KHEAA provided CDMS services to 34 schools and over 50,000 borrowers.

KY Saves 529



In FY 2025, the Kentucky Educational Savings Plan Trust (KESPT), known as KY Saves 529, entered its seventh year with Ascensus College Savings Recordkeeping Services, LLC as program manager.

The program benefits from a Kentucky-based Ascensus field consultant who is charged with marketing the 529 program as a planning and saving instrument for education to businesses and individual families throughout the Commonwealth of Kentucky.

In FY 2025, KHEAA continued promoting KY Saves 529 statewide with agency employees and outreach counselors working closely with the Ascensus consultant to reach out to more school systems, foundations, employers, and other state agencies to promote the program to all Kentuckians.

As of June 30, 2025, the KY Saves 529 program had assets totaling \$312.8 million. The program investment returns, net-of-fees, ranged from 16.08 percent Active Equity Option to 4.80 percent Capital Preservation Option. This positive investment return produced a \$31.1 million increase in total fund value from the previous fiscal year.

KY Saves 529 program participants continue to utilize the rapid school payment option that helped hundreds of program participants wire \$3.3 million directly (by way of Flywire) to school partners to help pay education costs for beneficiaries. This is a 38 percent increase from FY 2024. The program also saw the adoption rate of the KY Saves 529 mobile app continue to increase to over 33% of all new participants.

The total number of account-funded positions at the end of FY 2025 was 25,521. For the year, KY Saves 529 generated 2,266 new accounts which represents the second-best year for new account generation in the 35-year program history.

The affiliation with Ascensus continues to provide the opportunity for KHEAA to generate revenue to cover agency expenses in administering the program. For FY 2025, \$189,577 in revenue was generated by allotting seven (7) basis points from the management fees of the program.

	FY 2023	FY 2024	FY 2025
Amount in Program Fund:	\$251,613,777	\$278,614,403	\$312,786,291
Number of Accounts:	23,045	24,193	25,521
New Accounts:	1,668	2,102	2,266
Closed/ Exhausted Accounts:	1,011	1,073	1,017
Net New Accounts:	657	1,029	1,249
Online Enrollments:	1,542	1,794	1,475
Phone App Enrollment: (Started FY 2024)	~	188	233
Contributions:	\$19,249,857	\$27,707,913	\$29,775,230
Benefit Disbursements:	\$23,496,242	\$22,898,078	\$26,693,610
Cancellations (Non-Qualified):	\$2,271,114	\$1,532,109	\$1,411,079
529 Rollovers:	\$964,618	\$1,592,623	\$1,398,493
Roth IRA Rollovers: (Started FY 2024)	~	\$164,430	\$6,336,710

Kentucky's Affordable Prepaid Tuition



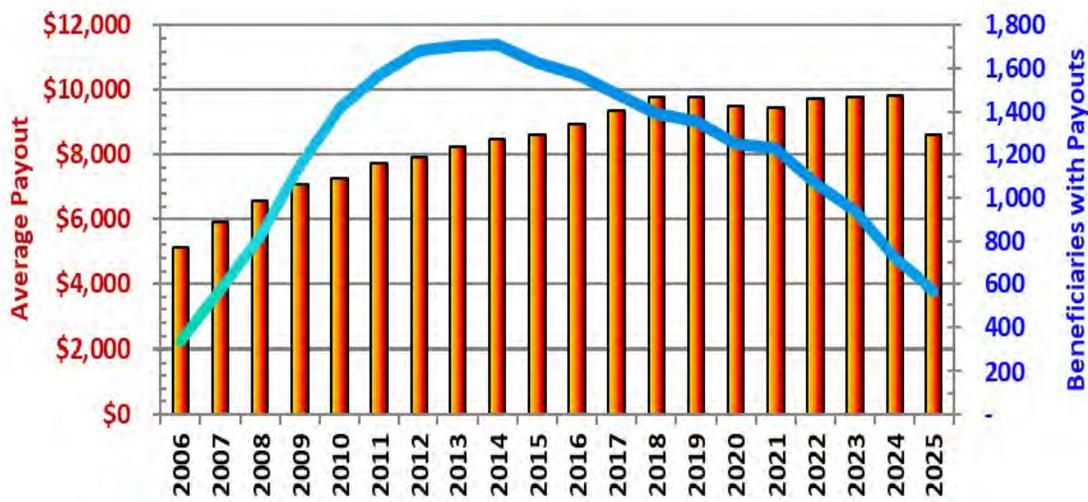
Kentucky's Affordable Prepaid Tuition

At the end of FY 2025, Kentucky's Affordable Prepaid Tuition (KAPT) program had total cash/cash equivalents of \$3.3 million. The program assets were depleted in FY 2024 and per the statute, the General Assembly allocated \$3.7 million to the program in FY 2024 and \$7.5 million in FY 2025.

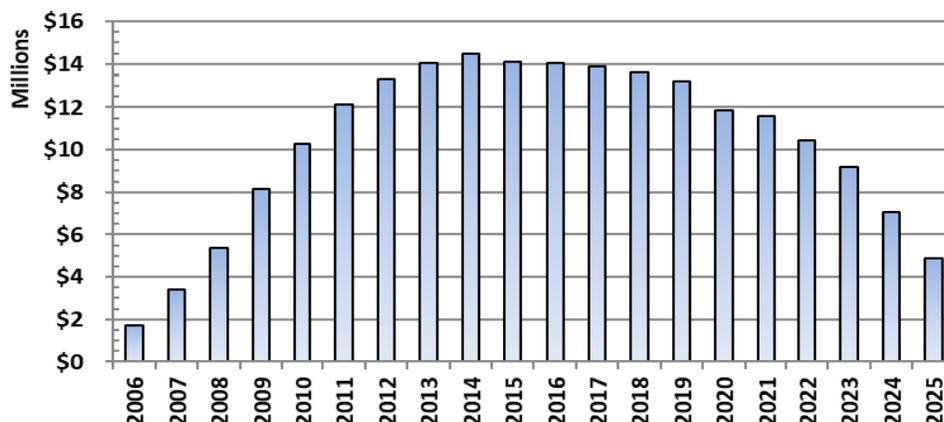
The program had \$6.2 million in redemptions for cancellations, account owner reimbursements, and school payment disbursements. The total number of accounts at the end of FY 2025 was 1,338, which is a 17.5% decrease in open accounts from FY 2024. For the year, KAPT had 115 account cancellations/rollovers, which continues the trend of matured accounts being transferred when the beneficiary completes college.

In FY 2025, the KAPT program office continued outreach efforts to encourage legacy account owners to take actions to close or rollover unused funds. The federal 529 tax code changed to allow for rollovers of unused education accounts to Roth IRAs, and that has encouraged more legacy fund transfers out of the program. In FY 2025, 56 Roth IRA rollovers were executed for a total of \$288K from legacy KAPT accounts.

Average Payout & Number of Beneficiaries



KAPT Benefit Disbursements



Financial Statement

As of June 30, 2025, and for the fiscal year then ended

Dollars expressed in thousands

	GOVERNMENTAL AND FIDUCIARY FUNDS				PROPRIETARY FUNDS	
	KHEAA				KHESLC	
	Governmental Fund	Federal Student Loan Fund	Kentucky's Affordable Prepaid Tuition	Kentucky Education Savings Plan Trust	Agency Operating Fund and Internal Service Fund	Operating Fund and Education Finance Fund
STATEMENT OF NET POSITION/FUND BALANCE						
Current assets	\$37,874	\$6,892	\$3,281	\$313,279	\$62,233	\$64,469
Loans, net						639,348
Non-current assets	7,979				134,235	166,101
Deferred outflows of resources					262	8,602
Total assets and deferred outflows of resources	45,853	6,892	3,281	313,279	196,731	878,520
Current liabilities	228	2,740	6,428	493	1,275	21,879
Non-current liabilities			19,873		2,627	741,197
Deferred inflows of resources					1,096	13,750
Total liabilities and deferred inflows of resources	228	2,740	26,301	493	4,998	776,826
Total net position	\$45,625	\$4,152	\$(23,020)	\$312,786	\$191,733	\$101,694
STATEMENT OF ACTIVITIES						
Program revenue/additions	\$483,559	\$68,308	\$7,747	\$62,117	\$27,988	\$20,208
Direct expenses/deductions	461,936	67,688	1,260	27,945	17,712	17,264
Change to retirement Liabilities/Deferred Resources					1,782	7,003
Total	21,623	620	6,487	34,172	12,058	9,947
Inter-fund transfers						
Change in net position	21,623	620	6,487	34,172	12,058	9,947
Net position at beginning of year	24,002	3,532	(29,507)	278,614	179,675	91,747
Net position at end of year	\$45,625	\$4,152	\$(23,020)	\$312,786	\$191,733	\$101,694



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



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

TEAM 
KENTUCKY™