



*2009
Annual
Report*



Kentucky Higher Education
Assistance Authority

and

The Student Loan Peoplesm

About KHEAA and The Student Loan Peoplesm

The 1966 Kentucky General Assembly created the Kentucky Higher Education Assistance Authority (KHEAA) as a governmental agency to improve access to college and technical training. KHEAA administers federal student loan programs, provides state student financial aid and distributes information about college opportunities.

In 1978, the state legislature created the Kentucky Higher Education Student Loan Corporation (KHESLC) to ensure funding would be available to Kentuckians by making, purchasing and financing Federal Family Education Loan Program (FFELP) loans. KHESLC assumed the name of The Student Loan Peoplesm in 1999.



KHEAA is attached to the Finance and Administration Cabinet for administrative purposes. Both KHEAA and The Student Loan People are governed by a board of directors composed of the same 10 voting members 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 serve as voting, ex officio members. The Board appoints the Executive Director/CEO and adopts rules and regulations to govern agency operations. By statute, the Executive Director/CEO of KHEAA also serves as the CEO of The Student Loan People.

KHEAA and The Student Loan People leverage their participation in FFELP to provide direct contributions to student aid programs, provide low-cost loans and administer college outreach programs tailored to meet the needs of Kentuckians.



A Top Priority

Dear Fellow Kentuckians,

The economic viability of the Commonwealth, and the quality of life for those who live here, is unequivocally linked to the education level of our citizens. That is why affordability and access to higher education are top priorities of my Administration.

To ensure that no Kentuckian with the drive to succeed is denied access to a college education, the Commonwealth offers several student financial aid programs administered by the Kentucky Higher Education Assistance Authority (KHEAA) and The Student Loan People. These programs enable thousands of Kentuckians to obtain a college education or technical training every year.

This year, the Commonwealth has made critical investments to ensure access to higher education for Kentuckians. When the national credit crisis threatened the ability of states around the country to offer low-cost student loans for the 2008 fall semester, we developed an innovative solution for our families. The Commonwealth purchased a repayable and collateralized private placement bond from The Student Loan People that enabled it to meet all federal student loan needs of Kentucky students for 2008-2009.

Having demonstrated its experience and expertise in counseling students on college planning and financial aid, KHEAA was designated as the agency to apply for the federally funded College Access Challenge Grant to continue its comprehensive outreach programs.

The Higher Education Work Group (HEWG), a broad-based, bipartisan group of business leaders, higher education policy experts and key legislators, was established to examine and identify opportunities to reduce college costs and improve efficiencies in our student aid programs.

Thank you for your interest in the activities of KHEAA and The Student Loan People. Our efforts will ensure the citizens and entire Commonwealth will enjoy the benefits of higher education.

Sincerely,



Steven L. Beshear



Serving Kentuckians

Executive Message

Looking back on Fiscal Year 2009, we can say with certainty it was the most challenging in the history of KHEAA and The Student Loan People's 43-year history of making higher education more accessible for Kentuckians.

The year was underscored by the student loan funding crisis, reduced resources and a federal budget proposal to eliminate the Federal Family Education Loan Program (FFELP), which has successfully served Kentucky students, families and postsecondary schools for more than four decades.

Despite these challenges, KHEAA and The Student Loan People achieved success in serving the students and families of the Commonwealth during Fiscal Year 2009. KHEAA disbursed more than \$194 million to 120,830 Kentucky students to help them pay their college costs. To fill the gap between family resources and other student aid, The Student Loan People disbursed \$572 million in FFELP loans, while KHEAA guaranteed \$1.3 billion.

Because traditional bond financing for student loans had become impossible to access, Governor Beshear and The Student Loan People developed an innovative solution to ensure low-cost college loans remained available to Kentuckians. In August, the Commonwealth purchased a \$50 million repayable bond from The Student Loan People, which enabled us to take part in the federal loan participation program created by the Ensuring Continued Access to Student Loans Act (ECASLA). This financing method remained in place throughout Fiscal Year 2009 and enabled The Student Loan People to fully meet the student loan needs of our borrowers. In return, the Commonwealth received a high quality investment collateralized by guaranteed and federally re-insured loans and a reserve fund.

As public, nonprofit student aid providers, KHEAA and The Student Loan People have historically given back their federal loan-related income to Kentuckians in the form of additional state student aid awards and borrower benefits as well as comprehensive outreach, financial literacy and default prevention initiatives. Our goal to continue



Jerry T. Shroat

this tradition in 2009 was never more challenging; however, we achieved success by prudent management of our available resources.

In an environment of drastically reduced revenue, both KHEAA and The Student Loan People adopted significant cost-saving measures in every possible area and, by doing so, were able to contribute \$2 million to fund awards from the National Guard Tuition Award and Mary Jo

Young Scholarship, \$7.1 million for default fee reductions for our Stafford and PLUS borrowers, and \$4.3 million to pay for administration costs of state student aid and FFELP programs. We also designated \$3.5 million for eligible "Best In" borrowers.

We also intensified our search for new partnerships and resources to serve Kentuckians. Governor Beshear appointed KHEAA as the state agency to apply for the new federally-funded College Access Challenge Grant. KHEAA applied, and the U.S. Department of Education awarded KHEAA a \$1.2 million grant to continue our comprehensive outreach programs that encourage Kentuckians to pursue higher education. Through the Federal Teacher Loan Forgiveness Program, KHEAA provided more than \$7.6 million to Kentucky teachers. For nurses with loans from The Student Loan People, Norton Healthcare announced it would help repay a portion of its nurses' loans for each six months of service.

During much of the year, Congress has been deliberating the future of student loan programs, which may result in elimination of FFELP in favor of Direct Lending beginning in the 2010-2011 academic year. Regardless of the outcome, we will continue to use all our energy, experience and resources to assist students in pursuing their educational dreams. We embrace the future with unwavering dedication to our mission, enthusiastic support for students and continued confidence that the agencies will provide valuable higher education programs and services to Kentuckians for many years to come.

Jerry T. Shroat
FY 2009 Board Chair

Board of Directors

(as of June 30, 2009)

Jerry T. Shroat, Chair, Union

David L. Allen, Frankfort

Ronald D. Butt, Louisville

John Cheshire, III, Lexington

Dr. Barbara Holsinger, Wilmore

Dr. Jim A. Jackson, Frankfort

Brent A. McKim, Louisville

Charles Simpson, Somerset

Dr. James Henry Snider, Franklin

Daniel W. Stanfield, Lexington

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Dr. Gary S. Cox, President,
Association of Independent Kentucky Colleges and Universities

Elaine Farris, Interim Commissioner,
Kentucky Department of Education

Robert L. King, President,
Council on Postsecondary Education

Todd Hollenbach, State Treasurer

Jonathan Miller, Secretary,
Finance and Administration Cabinet

Leadership Team

(as of June 30, 2009)

Edward J. Cunningham, Executive Director/CEO

James R. Ackinson, Executive VP

Diana Barber, General Counsel

Scotty Bryan, Chief Information Officer

Ted Franzeim, Senior VP for Customer Relations

Mary Henry, Senior VP of Operations

Matthew A. Korn, Senior VP for Finance and Accounting

Thomas Wantuck, Senior VP of Asset Management

David Bailey, VP of Guarantor Operations and School/Lender Services

David Carlsen, VP of Financial Management

Jo Carole Ellis, VP for Government Relations and Student Services

Linda Sewell, VP of Human Resources

Linda Grosshans, Controller

To Our School and Lender Partners

I am pleased to extend our sincere appreciation to our school and lender partners for your continued support and participation in the Federal Family Education Loan Program (FFELP) administered by KHEAA and The Student Loan People.

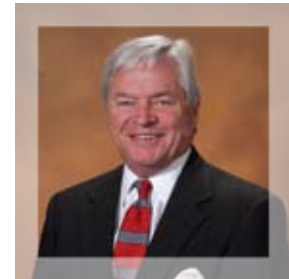
Your participation allows us to make certain that Kentucky students and families reap the benefits of KHEAA and The Student Loan People's federal loan-related earnings. Through the years, those benefits have included:

- Additional funding for state student financial aid awards.
- Low-cost student loans and borrower benefits.
- Free college planning and financial aid publications.
- GoHigherKY.org, Kentucky's one-stop higher education website.
- Outreach counselors who make presentations and participate in college fairs and financial aid workshops all across the state.
- Cost-free administration of FFELP and state student financial aid programs.
- Locally-administered student aid programs, which create jobs in the Commonwealth.

For more than four decades, KHEAA and The Student Loan People have been pleased and honored to be your local partner in helping Kentuckians pursue higher education.

As we look to the future, we reaffirm our commitment to our public-purpose mission. Helping our fellow Kentuckians pursue higher education opportunities will remain at the heart of everything we do. We look forward to serving you and the students of Kentucky for many years to come.

Edward J. Cunningham
Executive Director/CEO



Outreach

KHEAA and The Student Loan People administer early awareness activities to ensure Kentuckians are aware of higher education opportunities and student financial aid. To maintain our efforts at the same comprehensive level in an environment of reduced revenue, KHEAA applied for and was awarded a College Access Challenge Grant from the U.S. Department of Education. The federally-funded matching grant is aimed at increasing the number of students who are prepared to enter and succeed in postsecondary education.

Presentations and Exhibits

Each year, KHEAA and The Student Loan People participate in hundreds of presentations and exhibits, including the Kentucky State Fair. Our outreach vehicle serves as the backdrop in the South Wing among the vendors and carnival atmosphere where families flock. This strategy has proven quite successful in reaching our target audience. In Fiscal Year 2009, staff distributed student financial aid information and college planning materials to thousands of fairgoers.

Danielle Witty (right), a Customer Service Representative, greeted visitors at the Kentucky State Fair and answered questions from families who were concerned about higher education costs.



Free College Planning Guides

Every August, high school counselors across the state look forward to the arrival of KHEAA's *Getting In* publication for high school seniors, including Michelle Cobb, Owen County High School Guidance Counselor (left center). Cobb said *Getting In* is "an invaluable resource" and the first book she reaches for when working with students interested in attending a Kentucky college. "The underclassmen watch each year as seniors get their copy of *Getting In*, and it is amazing how many seniors come to the guidance office at the beginning of the school year checking to see when the *Getting In* books will be available," she said. "Thank you so much for providing this tool to the counselors and seniors in Kentucky each year." KHEAA also publishes *Affording Higher Education*, a financial aid reference book, and *Adults Returning to School* for nontraditional students.

Upon delivery, Cobb immediately began distributing the books to her seniors including, from left, Jensen Wainscott, Brody Layton, Jordan Shelton, Levi Wolfe and Emilie Davis.

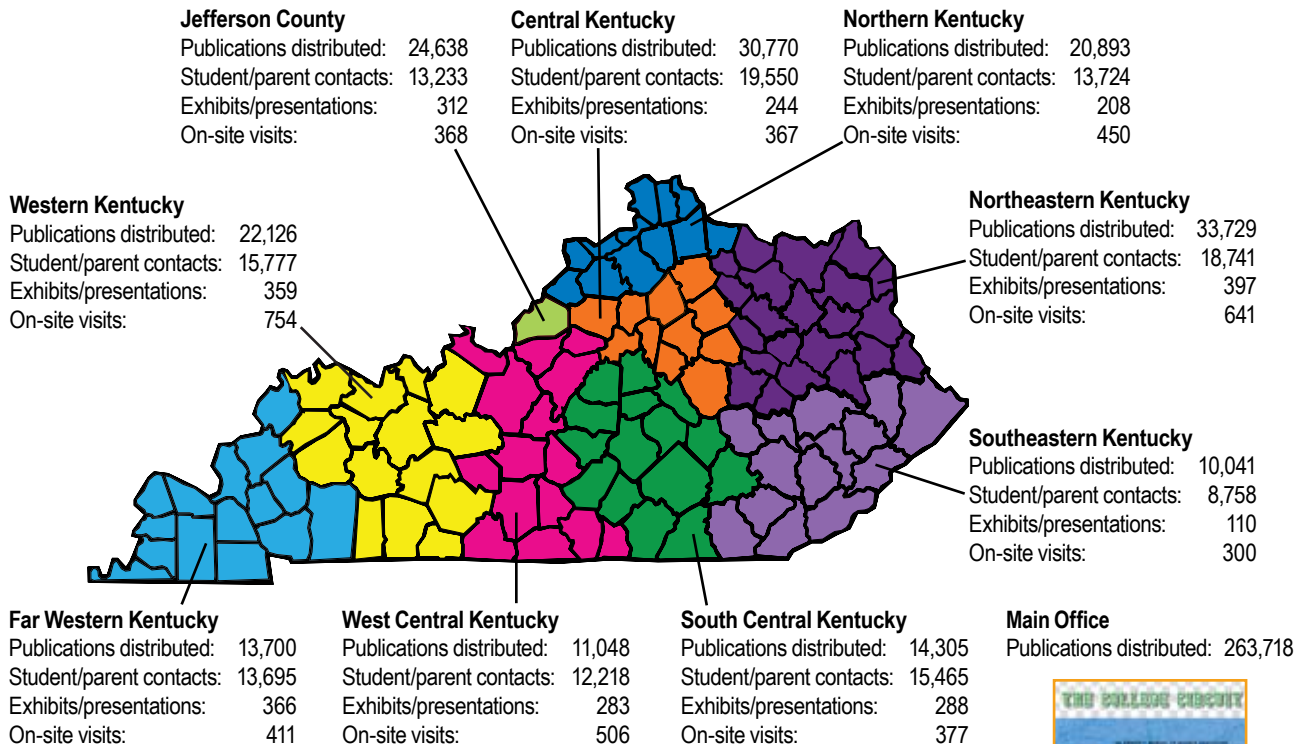


Outreach Counselors

KHEAA and The Student Loan People promote higher education in all corners of the Commonwealth. Our College Info Road Show and Regional Outreach counselors distribute college planning and financial aid information; participate in career fairs, college nights and financial aid workshops; provide public service announcements to media outlets; and make personal, on-site visits to those who can help us spread the word about higher education. Outreach counselors partner with a wide variety of community contacts, including middle and high schools, adult education centers, GEAR UP programs and community agencies.

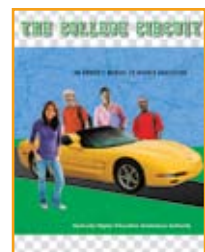
Outreach Counselor Summer Gortney (left) demonstrated the many unique features of GoHigherKY.org, to students during a presentation at Green County Middle School.

Outreach and College Info Road Show Activities



College Info Road Show

Publications distributed: 43,840
 Contacts: 24,600
 Exhibits/presentations: 888



Partnerships

KHEAA and The Student Loan People partner with agencies and organizations that share a common goal of improving the lives of Kentuckians. Working together, we are encouraging and enabling students to pursue higher education, one of the most powerful tools in achieving success. Just a few examples of how our partnerships assist Kentucky students are briefly described on this and the following page.

Financial Aid Professionals

KHEAA and The Student Loan People partner with the Kentucky Association of Student Financial Aid Administrators (KASFAA) to provide essential services to Kentucky students and important student aid updates and training to Kentucky's financial aid professionals. As part of these activities, KHEAA and The Student Loan People assist in providing high school counselor training workshops, a financial aid call-in show on Kentucky Educational Television, semi-annual conferences and workshops for financial aid professionals.

A few of those participating in a training session in March were presenter Runan Pendergrast (standing), Bluegrass Community and Technical College, and (from left) Kathy Perkins, Bluegrass Community and Technical College; Bobby Collins, Hazard Community and Technical College; David Nally, KHEAA; Sandra Brown, Georgetown College; Cheryl Barnes, Eastern Kentucky University; and Lynn Mayo, Georgetown College.



Each year since 2002, KHEAA and The Student Loan People have partnered with KASFAA and the Lumina Foundation to cosponsor College Goal Sunday. This free event is held each January in more than 20 locations around the Commonwealth to help students and parents complete the Free Application for Federal Student Aid (FAFSA).

Student Aid Manager Becky Gilpatrick (far left) was one of several agency volunteers who assisted students in completing the online FAFSA at College Goal Sunday in January 2009.

Partnerships Serve Kentuckians

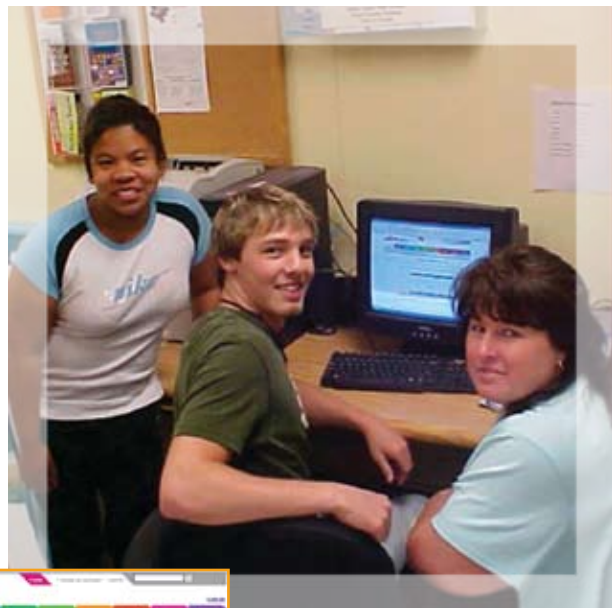
KHEAA and The Student Loan People have built strong relationships with a number of other college access providers throughout the Commonwealth. We often partner with these entities, providing staff support through exhibits, workshops and presentations, free publications, FAFSA completion assistance, mobile classroom instruction and other services. In addition to federal and state agencies, KHEAA and The Student Loan People partner with local, community-based agencies and organizations to help students and families learn how to plan and pay for higher education.

Counselors and Teachers

Counselors and teachers throughout Kentucky partner with KHEAA and The Student Loan People to help their students learn how to plan and pay for higher education. We rely on them to distribute our free publications, schedule our Outreach Counselors and College Info Road Show and use the GoHigherKY.org website with their students.

GoHigherKY.org guides students through the entire college planning process. The site helps students identify careers that suit their interests and abilities, find colleges that match their preferences, conduct scholarship searches, transfer information to the FAFSA, take virtual college tours and apply online for admission.

Working with one of Kentucky's highly skilled educators, KHEAA and The Student Loan People created detailed lesson plans for Kentucky teachers and counselors using our GoHigherKY.org website and our *Getting In* publication for high school seniors. The activities are aligned with those required by the Kentucky Department of Education for middle and high school students.



Betsy Lane High School Counselor Vicky Ratliff (right) works on the GoHigherKY.org website with students Leslie Lee (left) and Jordan Tackett. More than 110,000 accounts have been created since implementation of the site.



GEAR UP

KHEAA partners with the Kentucky Council on Postsecondary Education by providing in-kind support for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). As part of the partnership, our College Info Road Show and Regional Outreach counselors participate in GEAR UP events, serving students and families throughout Kentucky.

New Partnership Will Track College Success

In Fiscal Year 2009, KHEAA and the National Student Clearinghouse announced they will partner to help public high schools track their graduates' college success with free access to StudentTracker, the National Student Clearinghouse's educational research service. StudentTracker allows high schools and researchers to track graduates' progress to determine if they attended college, where they enrolled and, ultimately, if they earned degrees.

Student Aid

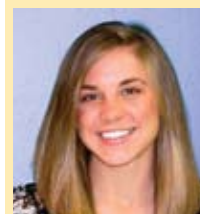
Grants and Scholarships

Each year, thousands of Kentucky students and their families rely on student financial aid programs administered by KHEAA to help pay their higher education costs. During Fiscal Year 2009, KHEAA disbursed more than \$194 million to over 123,000 students to help them pay college costs. Of that amount, KHEAA disbursed \$93 million in need-based grants and \$90 million in Kentucky Educational Excellence Scholarships (KEES) funded by Kentucky Lottery revenue. KHEAA and The Student Loan People and other state and federal sources funded an additional \$11 million in grants and scholarships.

State Student Aid Expenditures	Recipients	FY 2009 Amount (in thousands)
Kentucky Educational Excellence Scholarship Recognizes students based on GPAs/ACT scores	65,440	\$90,789
College Access Program Grant Provides access to students with financial need	40,390	61,197
Kentucky Tuition Grant Allows students with financial need to attend an independent institution	12,300	32,002
Kentucky National Guard Tuition Award Provides tuition for active Guard members in good standing	1,180	4,712
Teacher Scholarship Assists education majors demonstrating financial need	550	1,996
Early Childhood Development Scholarship Assists students working in early childhood education	1,180	1,282
Osteopathic Medicine Scholarship Assists Pikeville College School of Osteopathic Medicine students	110	1,086
KHEAA Work-Study Program Enables students to earn wages to help pay for higher education	830	678
Robert C. Byrd Honors Scholarship Rewards students demonstrating academic achievement	380	543
Mary Jo Young Scholarship Pays for AP or dual credit courses for disadvantaged high school students	500	259
Go Higher Grant Assists adult students with education costs	250	237
Total	123,110	\$194,781

	Recipients/Loans	FY 2009 Amount (in thousands)
Other Program Benefits		
Teacher Scholarship/Loan¹	550	\$2,135
Osteopathic Medicine Scholarship/Loan¹	110	950
Kentucky's Affordable Prepaid Tuition Plan Allows families to prepay tuition	1,150	8,081
Kentucky Education Savings Plan Trust Encourages families to save for future college costs	1,260	5,162
Total	3,070	\$16,328

¹ These programs are scholarships if service requirements are met; otherwise, they are repayable loans with interest.



As a third-year college student, I am grateful for the opportunities that have helped me pursue my degree. From the beginning, I understood the great financial requirements

for obtaining a college education, and financial aid was the largest influence on my college choice and attendance. This led me to Midway College, the small, private women's college located in the heart of the Bluegrass, where I am pursuing a degree in teacher education.

Luckily, I, like other students all across the state of Kentucky, met the requirements to receive the CAP and KTG Grants. These two grants combined with institutional and outside scholarships have assisted me in immeasurable ways. Looking at the bottom line, I see how blessed I am not only to receive the scholarships but the CAP and KTG Grants. In a time when money can be hard to come by, the state grants are a breath of fresh air for students like me. Financial aid is the backbone to making my dream of becoming a teacher come true. I am thankful for all the opportunities Kentucky is giving my peers and me while we pursue our college education. It is reassuring to know that Kentucky believes in its citizens and is willing to help fund a portion of their education.

*Amanda Hager
Midway College Student*

Student Aid Funding

Kentucky Lottery revenue funds the vast majority of state student aid awards disbursed by KHEAA. The remainder is funded by Federal LEAP/SLEAP Funds, Coal Severance Tax, Tobacco Settlement Funds, federal funds, civil penalties under KRS 199.990 and The Student Loan People revenue transfers. Neither KHEAA nor The Student Loan People receive General Fund appropriations for administration. All General Funds received by KHEAA go directly to students as awards.

FFELP Loans

As public, nonprofit agencies, KHEAA and The Student Loan People encourage students to first exhaust all grants and scholarships before turning to other sources of aid that must be repaid; however, most students today need loans to help pay higher education costs. In Kentucky and across the nation, FFELP is the largest source of financial aid for students. During Fiscal Year 2009, The Student Loan People disbursed over \$572 million in FFELP loans to help students pay their higher education costs, while KHEAA guaranteed \$1.3 billion. Under FFELP, students and families benefit from a public-private partnership that promotes choice, competition, quality, and value-added programs and services for borrowers. Many students choose KHEAA and The Student Loan People to benefit from our low-cost loans and Kentucky-based loan servicing.

\$1.3 Billion in Guarantees			FY 2009 Amount
Guaranteed by KHEAA¹	Loans	Borrowers	(in thousands)
Subsidized Stafford Loan Based on financial need for undergraduate, graduate and professional students	145,560	119,730	\$577,838
Unsubsidized Stafford Loan Without regard to financial need for undergraduate, graduate and professional students	144,360	109,460	665,334
PLUS Loan For parents and graduate and professional students	7,980	6,630	60,118
Total	297,900	235,820	\$1,303,290
\$572 Million in Low-cost Loans			FY 2009 Amount
Disbursed by The Student Loan People	Loans	Borrowers	(in thousands)
Stafford	140,450	69,070	\$508,821
PLUS	4,020	3,320	29,430
Purchases and Repurchases	4,320	4,320	34,028
Total	148,790	76,710	\$572,279

¹ Represents original amounts guaranteed.

Borrower Benefits

KHEAA and The Student Loan People are dedicated to using any available revenue to lower the cost of borrowing for Kentuckians pursuing a college education or technical training. Fee reductions in Fiscal Year 2009 saved our Stafford and PLUS borrowers \$7.1 million, while \$3.5 million was set aside for borrowers who are grandfathered into the “Best In” loan forgiveness program for teachers, nurses and public service attorneys.

To further assist teachers with student loans eligible for the Best in Class program, the 2009 Kentucky General Assembly passed House Bill 480, which will use Teacher Scholarship funds to provide loan forgiveness. After renewal applicants for the KHEAA Teacher Scholarship are awarded, remaining funds will be allocated to loan forgiveness for eligible Best in Class borrowers.

The total “Best In” forgiveness amount for 2009 is \$896 per teacher and \$520 for nurses and public service attorneys.

Additional loan forgiveness totaling \$7.6 million was provided to Kentucky teachers through the Federal Teacher Loan Forgiveness Program. To ensure our borrowers were aware of the federal program, KHEAA and The Student Loan People notified 5,200 teachers they were potentially eligible to receive from \$5,000 to \$17,500 in loan forgiveness through the program. Applications were sent, and borrowers were asked to return the applications to The Student Loan People to review for eligibility and completeness.

To assist nurses with student loans eligible for the Best in Care program, Norton Healthcare announced it would partner with The Student Loan People by helping to repay its nurses’ student loans. Norton’s program began on January 1, 2009; and \$1,250 is being paid towards the principal of participants’ loans after working six months at Norton Healthcare.

Customer Service

As public, nonprofit student aid providers, KHEAA and The Student Loan People are committed to excellence in all areas of customer service.

Students and Families

Our friendly and knowledgeable customer service staff focus on meeting the unique needs of Kentucky students and their families. Whether they have questions about KEES awards, loan applications or financial aid in general, we strive to exceed the expectations of each and every one.

For our borrowers, our goal is to make repayment as simple as possible. Borrowers are offered several repayment options and may choose to make them electronically, on the web, by phone or by mail. Borrowers may also access their account information through our VRU or in a secure online environment 24 hours a day, seven days a week. For those who prefer to talk directly with one of our customer service representatives, we make this selection quick and easy. Our commitment to our borrowers has resulted in consistently-high customer satisfaction ratings. In fact, Fitch Ratings once again awarded The Student Loan People its highest rating of 'Proficient Plus' for servicing FFELP and private loans in 2009. We achieved this rating by exceeding guidelines required by the U.S. Department of Education and using effective collection strategies.



KHEAA and The Student Loan People serve hundreds of callers daily. According to Customer Care Supervisor Ken Rollins (above), the key to providing top-quality customer service is an "in-depth knowledge of student financial aid programs and genuine concern and respect for those we serve."

My husband Jason and I are both Student Loan People borrowers, and we're thrilled to have received outstanding customer service. In this day and time, people are quick to complain, so we want to make sure everyone at The Student



Loan People know how happy we are with our experiences with your customer service representatives. They have answered all of our questions and have been very pleasant to speak with. We both have a couple years of school left, and look forward to our future borrowing experiences with The Student Loan People and KHEAA!

Jessica Tipton
The Student Loan People Borrower

I would like to take a moment and say "thank you" to The Student Loan People customer service representative who recently assisted me. She was so helpful, friendly and just—well—perfect! She helped me determine my best option for payment. I am currently expecting my first child at the end of August



and was worried about making my payments while I was on maternity leave, but with her help I have one less thing to stress about during this time. She suggested forbearance for that time period and explained the whole process and exactly what it was. I just couldn't believe how easy it was to accomplish this! Please let her supervisors know they are lucky to have this one!

Amanda Van Dyke
The Student Loan People Borrower



Cindy Burnette
Director of Financial Aid
Western Kentucky University

The staff at KHEAA and The Student Loan People have always been extremely helpful when working with Western Kentucky University. Our loan volume has increased tremendously in recent years and without their support and seamless processes, we could not have accommodated such an increase in volume. They are very responsive to our needs and work hard on behalf of our staff and students.

Postsecondary Schools and Lenders

KHEAA and The Student Loan People specialize in developing customized solutions to address the needs of our school and lender partners and constantly search for new and innovative ways to make our financial aid services and processes faster and more efficient.

Using the latest technology, we expedite the delivery of state student aid and federal loan funds and ensure timely payment of tuition and fees for students. Disbursement methods, dates and schedules are customized based on each individual school's preference.

KHEAA also assumes the time-consuming tasks of promissory note collection and retention, loan maintenance, tracking of loan funds, and weekly enrollment reporting.

Because administration of federal student loan programs can be complex, KHEAA provides training and interpretation of federal regulations and program rules; conducts on-site school, lender and servicer reviews to ensure compliance; and provides accurate and timely information in response to requests from school and lender staff. Our local presence is important to participating schools and lenders and ensures we can provide the individual attention they want and need.

Customer and Loan Servicing

Customer Care Call Center

Financial aid experts for student and parent callers

Zip Answer

Online database of financial aid questions and answers

Zip Access for Schools

Allows web-based loan certifications, loan changes and standard and customized reports

eSign

Electronic Master Promissory Note signatures for borrowers

Financial Literacy Activities

Publications, videos and onsite training for students

Investing in Your Future

Loan counseling for new borrowers

The Keys to Successful Repayment

Loan counseling for borrowers who are graduating or leaving school

EPIC

Electronic delivery of student loan statements and correspondence

KHEPAY

Online student loan payment system

Borrower Advocates

Personalized assistance for borrowers on ways to keep their loans in good standing

Repayment Options

A choice of standard, graduated, and income-sensitive and income-based repayment

Deferments and forbearances

Temporary reduction or suspension of payments due to economic hardship, military service or other circumstances

School and Lender Training Opportunities/Technical Support

State student aid system, loan processing, default prevention or other related topics

Default Aversion Assistance

Potential default reports, account summaries and proactive borrower contacts to assist with successful loan repayment

Community Service

KHEAA and The Student Loan People employees give their best, day in and day out, to provide top-quality higher education programs and services to Kentuckians. It is a commitment to public service they take seriously that stays with them long after the work day is done. In this year's annual report, we are pleased to share information about just a few of our employees' community service activities.



Children's Cancer Research

Eleanor Kley (below), Customer Service, joined Jason Tretter (left), Office of Technology, to help raise money for children's cancer research by having their heads shaved for Louisville's St. Baldrick's charity event.



Ronald McDonald Charities

Jenny Luttrell, Office of Technology, enlisted the help of her coworkers to collect beverage

tabs for Ronald McDonald Charities, which provides a home away from home for parents of children who are suffering from life-threatening illnesses.

Kentucky Employees Charitable Campaign

Last year, agency employees contributed \$2,000 to the Kentucky Employees Charitable Campaign, a partnership of Kentucky state employees and six accredited statewide charities.



Special Olympics

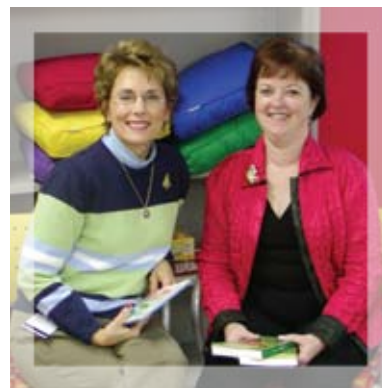
On a cold February day, Pam Davis, Human Resources, joined more than 460 other brave souls to take the Polar Bear Plunge in the Ohio River to benefit the Special Olympics.



Going Green

Besides driving a hybrid car and her other green practices at home, Erin Klarer, Operations Support, set up a recycling bin at work and e-mailed coworkers a list of the many recyclable materials Louisville Metro

Waste Management would accept. On a regular basis, Erin bags the recyclables and drops them off.



Reading with Children

Realizing that reading skills are critical for success in school and throughout life, Linda Sewell, Vice President of Human Resources, and

Mary Henry, Senior Vice President of Operations, spend their lunch hour one day each week to help students improve their reading skills through Jefferson County's "Every1 Reads" program.

Alzheimer's Association

Susan Bradley, Executive Office, is among the hundreds who gather every year at Waterfront Park in downtown Louisville to participate in the Alzheimer's Association Memory Walk.



Selected Financial Information

As of June 30, 2009, and for the fiscal year then ended.

Dollars expressed in thousands.

	Governmental and Fiduciary Funds				Proprietary Funds	
	Governmental Fund	Federal Student Loan Reserve Fund	Kentucky's Affordable Prepaid Tuition	Kentucky Education Savings Plan Trust	Agency Operating Fund and Internal Service Fund	The Student Loan People Operating Fund and Education Finance Fund
Statement of Net Assets						
Current assets	\$ 6,675	\$ 33,063	\$ 4,931	\$ 94,915	\$ 16,924	\$ 86,814
Loans, net						2,516,442
Noncurrent assets	13,014		110,259		39,527	178,962
Total assets	19,689	33,063	115,190	94,915	56,451	2,782,218
Current liabilities	689	6,589	79	64	918	543,685
Noncurrent liabilities		16,483	174,407		5,730	2,155,779
Total liabilities	689	23,072	174,486	64	6,648	2,699,464
Total Net Assets	\$ 19,000	\$ 9,991	\$ (59,296)	\$ 94,851	\$ 49,803	\$ 82,754
Statement of Activities						
Program revenue/additions	\$ 193,665	\$ 146,383	\$ (20,149)	\$ 20,004	\$ 28,148	\$ 46,335
Direct expenses/deductions	199,211	144,488	3,551	29,475	19,152	35,256
Total	(5,546)	1,895	(23,700)	(9,471)	8,996	11,079
Interfund transfers	5,350		159		(8,343)	2,834
Change in Net Assets	(196)	1,895	(23,541)	(9,471)	653	13,913
Net assets at beginning of year	19,196	8,096	(35,755)	104,322	49,150	68,841
Net Assets at End of Year	\$ 19,000	\$ 9,991	\$ (59,296)	\$ 94,851	\$ 49,803	\$ 82,754

KHEAA and The Student Loan People's audited financial statements are available at www.kheaa.com, www.studentloanpeople.com, or by calling (502) 696-7421.

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