



KENTUCKY STATE UNIVERSITY

Policies and Regulations

POLICY TITLE:

Debt Management

APPLIES TO:

All Divisions and Departments

ADMINISTRATIVE AUTHORITY:

**Division of Finance and Administration
Chief Financial Officer (CFO)**

APPROVED BY:

Kentucky State University Board of Regents

EFFECTIVE DATE:

August 8, 2025

NEXT REVIEW DATE:

August 8, 2028

POLICY STATEMENT:

This policy provides a disciplined framework for the strategic use of debt to finance capital investments that support the mission of Kentucky State University (KSU). To protect the long-term financial health and credit rating of the university, debt is managed prudently, and its use is limited to mission-critical projects after a thorough evaluation of all available funding sources and financing strategies.

DEFINITIONS:

Capital Project

A long-term investment project to build, improve, or maintain a capital asset, such as facilities and infrastructure.

Debt Capacity

The maximum amount of debt an organization can incur without threatening its financial health or ability to meet its repayment obligations.

Debt Management Committee

A committee responsible for reviewing KSU's debt capacity and recommending projects for debt financing. It consists of the Chief Financial Officer (CFO), Director of Capital Planning and Facilities Management, Provost, and General Counsel.

PROCESS:

Guiding Principles for Incurring Debt

- Debt financing will only be considered for projects that relate, directly or indirectly, to the mission of KSU.
- KSU shall first maximize the use of other funding sources—such as philanthropy, grants, and state appropriations—before utilizing debt to provide additional resources.
- Any debt financing strategy will be subject to a comprehensive assessment of its risks, costs, and benefits to the specific project and to the university's overall financial position.

Governance and Approval

- The Debt Management Committee will meet regularly to review KSU's debt capacity and present recommendations to the President for projects to be funded with debt.
- The President and the KSU Board of Regents must approve all debt financing.
- The Chief Financial Officer (CFO) is responsible for the overall administration of debt management, including post-issuance compliance monitoring and reporting.

Capital Project Identification and Evaluation

- The Director of Capital Planning and Facilities Management is responsible for defining capital project costs and maintaining a list of potential projects.
- The CFO is responsible for developing university-wide capital planning documents, including the six-year capital plan.
- Projects considered for debt financing must be evaluated based on their total expenses, incremental operating costs, potential revenues, and a net present value calculation.

Debt Portfolio Management

- The CFO shall regularly monitor the university's debt capacity and manage all aspects of debt financing, including relationships with financial advisors, underwriters, and rating agencies.
- KSU will continuously monitor its outstanding debt portfolio for opportunities to refund or restructure debt to achieve savings or relieve the university of restrictive covenants.

- To maintain an acceptable credit rating, KSU will maintain ongoing communication with rating agencies regarding its credit structure and financial performance.
- KSU will monitor its debt portfolio to ensure compliance with all federal and state laws and will file all required continuing disclosures in a timely manner.

REFERENCES AND RELATED MATERIALS:

- KSU Capital Assets and Capital Planning Policy

CONTACTS:

Subject	Office	Telephone	E-mail
Policy Questions	CFO/Vice President of Fin. & Admin.	(502) 597-6429	Melissa.Hicks@kysu.edu

HISTORY:

Revision Type	Date of Issuance/Revision	Drafter(s)/Editor(s)
Issued (New Policy)	August 2024	YPTC
Substantive Revisions	June 2025	Zach Atwell
