



Kentucky State University Financial Obligation and Expenditure Approval Policy

SB 185 (2026)

Approved by Council: XX

Effective Date: upon approval

Purpose

As part of the responsibilities granted to the Council related to Kentucky State Universities (KSU) in SB 185 (2026 Regular Session), Section 1.(3)(a) states the following:

Kentucky State University shall not enter into any obligation or make any expenditure costing twenty thousand dollars (\$20,000) or more without prior approval of the Council on Postsecondary Education, including but not limited to any purchase, contract, or increase due to a personnel action.

This Policy outlines the process for approval of KSU financial obligations of \$20,000 or more and delegates those decisions to Council staff.

Policy

Institutional Budget. Each fiscal year, a budget must be adopted by the KSU Board of Regents based on revenue and expenditure estimates that consider historical data, projections, and the enrollment and student debt limitations expressed in SB 185. While the Council staff will not approve KSU's budget, before approving obligations for payment and expenditures, it must feel comfortable that a reasonable budget has been adopted that can support the obligations made. As such, Council staff will work with KSU staff to understand the budget development process and will raise any concerns with the KSU Board of Regents before adoption.

As each fiscal year progresses, CPE staff will monitor actual revenue and expenditures to ensure that obligations and expenditures approved will not contribute to a budget deficit. KSU is expected to revise its budget and adjust spending if assumptions prove incorrect and revenue will not cover projected expenditures.

Personnel Actions. A substantial portion of a university budget is comprised of salary and benefits for faculty, staff, and administrators employed by the institution. Therefore, KSU staff shall create a master position list tied to each fiscal year budget with corresponding salaries for those currently filling those positions and a range for those positions that are open or may become open during the year. This information shall be provided to Council staff for review and approval for each forthcoming fiscal year. Once approved, all expenditures tied to salary and benefits for positions on that list shall be deemed approved for the respective fiscal year. Any position on that list may be filled upon notice to the Council that the personnel action is taken within the salary range outlined in the list. Requests to fill positions not included in the master position list may be approved upon proof of budgetary support. Once approved, that position will be added to the master list.

Contracts. As with personnel actions, contractual obligations must also be tied to the budget adopted for the fiscal year. A list of known contracts totaling \$20,000 or more tied to the upcoming

budget and provided to CPE staff shall be approved up to an amount certain that falls within known budgetary constraints.

Other Obligations for Payment and Expenditures. KSU shall submit request for obligation for payment over \$20,000 not captured in the processes outlined above to Council staff at a designated email account for review and approval. Each request shall include the following information and shall be signed by both the Chief Financial Officer and President of the institution, or his designee. Authorizations for purchase or expenditure shall be submitted for approval BEFORE the obligation for payment is incurred. Obligations of \$20,000 or more which did not receive prior approval will be treated as a violation of policy and will be reported to the KSU Board of Regents. Exceptions may be granted based on facts and circumstances that would not allow for prior approval as a result of factors outside of KSU's control. Exceptions granted shall be reported to the KSU Board of Regents

1. Brief Description and Justification of Requested Expenditure
2. Originating Department
3. Programmatic Contact (with contact information)
4. Budget Unit
5. Amount Remaining in Budget Unit after Purchase
6. Funding Source [including Fund Organization Account Program (FOAP)]
7. Procurement Method (if applicable)
8. Payment Due Date (if applicable)
9. Vendor (if applicable)
10. Contract Number (if applicable)
11. Payment Method
12. Supporting Documentation (if applicable)
13. Board of Regents Approval Date (if applicable)

Approval Revocation based on Budgetary Performance. Notwithstanding the foregoing and upon analysis of financial reporting received pursuant to the Kentucky State University Financial Reporting Policy, CPE staff reserves the right to withdraw approval of any obligation for payment or expenditure outlined above if it determines that spending should be curtailed in order to meet budgetary parameters. Exceptions may be granted on a case-by-case basis based on university need and the nature of the obligation.

CPE staff shall contact KSU with any questions or clarifications regarding the request. Requests may be revised or withdrawn at any time.

If the request is denied, CPE staff will outline the deficiencies in the request and KSU may resubmit upon correction.

If the request is approved, CPE staff will notify the KSU CFO and provide authorization for the expenditure in KSU's accounting system.

Final approval or denial will be provided by the CPE President, or his designee.