

TEXAS A&M UNIVERSITY-KINGSVILLE

Title: Purchases with HEAF Funds

Procedure No.: PP-074

Date: February 10, 1998 (revised 9/15/2006)

I. Purpose

The purpose of this procedure is to establish guidelines for purchases with Higher Education Assistance Funds (HEAF). Specifically, this procedure will define how and when HEAF may be used for Non-Construction/Renovation purchases.

II. Scope

This procedure will apply to all purchases with HEAF.

III. General

Section 17 of the Texas Constitution reads that HEAF funds may be used for the purchase of:

- Acquiring land, either with or without permanent improvements
- Constructing and equipping buildings and other improvements
- Major repair or rehabilitation of buildings and other permanent improvements
- Acquisition of capital equipment, library books, and library materials.

This procedure will not address the first three items. The last item refers to "capital equipment" and requires clarification. Generally, "capital equipment" means permanent equipment with a value above the "capitalized" threshold that is placed on an itemized inventory.

However, the guidelines for HEAF expenditures published by the State Comptroller define "capital equipment" as:

"fixed or moveable tangible assets to be used for operations, the benefits of which extend over more than one fiscal year".

Therefore, the University has adopted the following guidelines for purchasing equipment with HEAF.

Institutional Furnishings:

Furniture may be purchased without regard to the unit price in connection with furnishing a building under renovation or construction.

Major furniture pieces may be purchased without regard to the unit price in connection with remodeling an office.

Separate furniture pieces may be purchased at any time when the unit price is greater than \$500.00.

Laboratory Equipment and Classroom Teaching Aids:

Laboratory Equipment and Classroom Teaching Aids may be purchased without regard to unit price in connection with a major upgrade or renovation of a lab or classroom or during the first two years of program development.

Laboratory Equipment and Classroom Teaching Aids may be purchased any time if the unit price is greater than \$500.00

Shop, Industrial, and Building Equipment:

Shop, Industrial and Building Equipment may be purchased without regard to unit price in connection with a major upgrade or renovation or during the first two years of program development.

Shop, Industrial and Building Equipment may be purchased any time if the unit price is greater than \$500.00.

Computer Equipment and Software:

Computer Equipment may be purchased at any time if the unit price is greater than \$500.00. (Computer Equipment does not include add on devices such as computer cards or replacement parts.)

Software, Printers, and Peripherals may be purchased without regard to the unit price if purchased in connection with a computer.

Software with a use license less than 2 years may not be purchased with HEAF.

Telecommunications Equipment:

Telecommunications Equipment may be purchased if the unit price is greater than \$500.00.

In all cases, the term "equipment" excludes repair or replacement components or parts.

HEAF may not be used to purchase items or services requiring prepayment.

The Office of Procurement and General Services may address questions regarding the appropriate use of HEAF.