

BOARD OF REGENTS  
BRIEFING PAPER

**Agenda Item Title: HANDBOOK REVISION, Capitalization Threshold**

**BACKGROUND & POLICY CONTEXT OF ISSUE:**

The institution Business Officers and Controllers have reviewed the current policy for equipment capitalization. Both groups recommend increasing the threshold from \$2,000 to \$5,000. The Federal Guidelines were amended in 2005 to increase their threshold to \$5,000. This change would bring our policy in agreement with the Federal Guidelines. Capital items costing less than \$5,000 will not be tagged for inventory purposes, however, the items will be considered for inclusion on the sensitive inventory listing.

**SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

Revise Title 4, Chapter 9, Section C.2.12 to change the capitalization threshold from \$2,000 to \$5,000.

**IMPETUS (WHY NOW?):**

As NSHE evolves, it is important that we adopt the consistent conventional policies of other higher education systems and our partners in industry.

**BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- Federal Guidelines allow a threshold up to \$5,000.
- A similar policy is in place at many colleges and universities (15 that were surveyed).

**POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

Equipment valued between \$2,000 and \$5,000 will not be tagged and included as part of inventory.

**ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

No change to the existing policy.

**COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Amends Current Board Policy: Title # 4 Chapter # 9 Section # C.2.12
- Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Other: \_\_\_\_\_
- Fiscal Impact: Yes \_\_\_\_\_ No \_\_\_\_\_  
Explain: \_\_\_\_\_

**Proposed Board of Regents Handbook Revision**

**Title 4**

**Chapter 9 - NSHE Internal Audit, Finance and Administration Policies**

**Section C - Financial Policies: Operating Budgets**

**Section 2.12. - Financial Policies: Capitalization Threshold**

Capital equipment is defined as those items exceeding a [\$2,000] \$5,000 expense threshold and having a useful life of greater than one year.