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 polices 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 #_____ Chapter #_____ Section #_____ C.2.12
- Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_____
- Other:
- Fiscal Impact: Yes_____ No_____

Explain:____________________________________________________________

Revised: January 2007
Capital equipment is defined as those items exceeding a $5,000 expense threshold and having a useful life of greater than one year.