

Sponsored Program Services

June 29, 2009

TO: Chancellors, Vice Presidents, Deans, Department Heads and Directors

RE: Instructions for the Preparation of Sponsored Programs Budgets Using the University's Increased Equipment Capitalization Level

EQUIPMENT CAPITALIZATION POLICY

Vice Presidents Almond and Buckius by their memo dated May 28, 2009, announced that the University's equipment capitalization level will increase to \$5,000. Effective July 1, 2009, items which cost \$5,000 or more and are expected to be used for more than one year will be defined as capital equipment. Items which cost less than \$5,000 will be considered supply items.

BUDGET PREPARATION

Effective immediately, sponsored program proposed budgets should be prepared as follows:

1. Funding requests with proposed start dates of July 1, 2009, or after for the following requests should budget using the new \$5,000 capitalization level:
 - a. New Projects and Renewals (competing continuations).
 - b. Renewals (continuations) where the sponsor **has not established** a recommended funding level.
 - c. Resubmission (revised budgets) where the sponsor **has not established** a recommended funding level for the period.
 - d. Supplemental funding.
2. Funding requests with proposed start dates of July 1, 2009, or after for the following circumstances are grandfathered as exempt from F&A charges on

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equipment items costing at least \$2,500 but less than \$5,000. The following budgets should be prepared using the \$2,500 capitalization level.

- a. Renewals (continuations) where the sponsor has established a recommended funding level for the period.
 - b. Resubmission (revised budgets) where the sponsor has established a recommended funding level for the period.
3. All funding requests with proposed start dates prior to July 1, 2009 are also grandfathered at the \$2,500 level and should be budgeted appropriately.
 4. All funding requests that were submitted prior to the issuance of these guidelines are grandfathered at the \$2,500 level as well.

CHARGING PROJECTS

Effective July 1, 2009, sponsored program projects will be charged as follows:

1. Projects which are funded using the \$5,000 level for capital equipment:
 - a. Equipment items costing \$5,000 or more will be classified as capital equipment and not assessed facilities and administrative (F&A) costs, i.e. indirect costs.
 - b. Equipment items costing less than \$5,000 will be classified as expendable equipment and assessed F&A costs.
2. Projects which are funded using the \$2,500 level for capital equipment:
 - a. Equipment items costing \$5,000 or more will be classified as capital equipment and will not be assessed F&A costs.
 - b. Items costing at least \$2,500 but less than \$5,000 will be classified as minor equipment assigned to GL Code 536800 and will not be assessed F&A costs.
 - c. Items costing less than \$2,500 will be classified as minor equipment and will be assessed F&A costs.

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INTERNAL REBUDGETS

Effective July 1, 2009, all rebudgets requesting the purchase of equipment not specifically listed in the original sponsor approved budget should be rebudgeted using the capitalization level of \$5,000.

If you have any questions concerning these budgeting instructions, please contact either the appropriate Sponsored Program Services Account Manager or your Business Manager.

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Director, Sponsored Program Services

cc: Principal Investigators
Business Managers
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