Capital Outlay

Definitions

The following definitions are drawn from OMB Circular A-21, OMB Circular A-87, and OMB Circular A-122.

"Capital expenditures," or capital outlay, means expenditures for the acquisition cost of capital assets, such as equipment, or expenditures to make improvements to capital assets that materially increase their value or useful life.

"Acquisition cost" means the cost of the asset, including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it useable for the purpose for which it is acquired.

"Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the following:

- The capitalization level established by the grantee organization for financial statement purposes
- $5,000

Rules Regarding Capital Outlay

- The maximum capitalization level that an applicant may use is $5,000 per unit/item.
- All capital outlay requires specific approval from TEA.
- All capital outlay, regardless of cost, must be excluded from the calculation of indirect costs.

Examples of Capital Outlay

Use this schedule to request items such as the following:

- Capitalized equipment, including telephone systems, intercommunication and telecommunication systems, mainframes and minicomputers, high-capacity copy machines
- Capitalized furniture
- Capitalized vehicles
- Capitalized software, including site licenses or single-sue software
- Library books and library media (to be catalogued and controlled by the library)