

BS6601—Capital Outlay

Note: If funds are being requested in this class/object code (6600), the applicant must complete this schedule and submit it with the application. The total amount requested for this class/object code must match the corresponding amount listed on the Budget Summary.

Use this schedule to request allowable capital outlay costs. **All capital outlay, regardless of the dollar amount, requires specific approval.** Items requested must be allowable expenditures under the authorizing program statutes, regulations, rules, and guidelines. You must carefully evaluate the current use of capital outlay to determine the most cost-effective utilization. Funds may be used to purchase capital outlay only when necessary to accomplish project objectives.

Definitions

“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 that 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.

Use this schedule to request items that meet the definition of Capital Outlay, such as the following:

- Capitalized equipment, including telephone systems, intercommunication and telecommunications systems, mainframes and minicomputers, high-capacity copy machines
- Capitalized furniture

- Capitalized software, including site licenses (that have more than one year of useful life), single-user software, and multi-user software
- Library books and library media that meet the capitalization criteria of the grantee or that have a per unit value equal to or greater than \$5,000, whichever is less. For library books and media to be capitalized, they must meet the one year or more useful life criteria and must be cataloged and controlled by the library.

All standard budget items are preprinted for your convenience. Request funds only for those items that are necessary to fulfill your project objectives.

List each item that meets the capital outlay criteria. Remember to include shipping and handling costs. Items will not be approved without a description and purpose of each item/set of items in accomplishing project objectives.

Itemize the purchase of permanent buildings, construction, or improvement costs under 6629 if allowed under the grant. If portable buildings are an allowable purchase under the grant, they would be requested and budgeted in 6600. However, ground leveling, site preparation, foundation, plumbing, wiring, and sidewalk for a portable building are considered construction costs and are not allowable unless construction costs are allowable under the grant. If allowable, these construction costs would be budgeted in 6629.

All capital outlay, regardless of cost, must be excluded from the calculation of indirect costs.

Unallowable Costs

Unless specifically permitted in the authorizing statute and approved by TEA in the grant application, the following costs are unallowable:

- Vehicles
- Land purchase and improvements to land
- Construction, renovation, or remodeling
- Ground leveling, site preparation, foundation, plumbing, wiring, and sidewalk for a portable building are considered construction costs. Therefore, these costs are not allowable to be charged to the grant. If the purchase of a portable building is allowed under the grant program and is requested, budget the portable building under 6600 Capital Outlay.

Compliance

Your organization must comply with requirements for competitive bidding outlined in [Texas Education Code, Section 44.031](#) and its implementing rules, where applicable.

Specific Instructions

If you have not budgeted for capital outlay, check **No Capital Outlay Budgeted** and save the form. Otherwise, complete it as instructed below.

Note: Each Title I, Part A, purchase listed on this budget schedule must be identified in the corresponding campus improvement plan (CIP) or district improvement plan (DIP).

Part 1: Furniture, Equipment, Vehicles, or Software—Regardless of Unit Cost

All capital outlay, regardless of cost, requires specific approval. Use this class/object code to itemize furniture, equipment, or software, regardless of unit cost, having a useful life of more than one year, and an acquisition cost that equals or exceeds the capitalization level established by your organization or \$5,000, whichever is less.

1. Type a generic description for each item of furniture, equipment, or software, regardless of unit cost, and a useful life of more than one year, one per line. Do not use brand names.
2. Type the campus number for the location of each item.

Note: Each district-level 6601 purchase must be coded to 999 or 000. Specific district program codes shall be maintained at the district level.

3. From the menu, select the applicable fund source.
4. Type the quantity as follows:
 - Type the **exact** quantity for individual items that operates as a single unit costing \$5,000 or more.
 - Type the **estimated** quantity for individual items that operates as a single unit costing less than \$5,000.
5. Briefly describe how this furniture, equipment, or software will help accomplish project objectives.

Adding a Capital Outlay Item

To add a capital outlay item, click **Add Item**.

Deleting a Capital Outlay Item

To delete a capital outlay item, follow these instructions:

1. Check the box next to the item you wish to delete.
2. Click **Delete Item**.

Note: All items listed in Part 1 will require the LEA to justify the purchase by answering the appropriate program questions listed in the Program Guidelines. The completed form must be attached to the grant before submission.

Part 2: Library Books and Media

Use this line to request books and film that meet the one-year useful life criteria, that meet the capitalization criteria, and that are to be catalogued and controlled by the library.

For each applicable fund source, type the amount of funds budgeted for library books and media. The amount cannot exceed the amount budgeted on the **BS6001—Program Budget Summary**.

For example, the LEA indicates \$10,000 in 6600 Capital Outlay on the **BS6001—Program Budgeted Summary** under **Title I, Part A**, \$2000 of which is for library books and media. Then on Part 2 of the **BS6601—Capital Outlay**, the LEA would indicate \$2,000 under **Title I, Part A**.

Part 3: Improvements Which Materially Increase the Value or Useful Life of Equipment or Other Capital Assets

Complete this part to budget funds for improvements that materially increase the value or useful life of equipment or other capital assets.

For each applicable fund source, type the amount of funds budgeted for improvements. The amount cannot exceed the amount budgeted on the **BS6001—Program Budget Summary**.

Amendment

If any of the following changes occur to this part once your application has been approved, you must file an amendment to this supporting schedule.

- A new item of capital outlay is requested, regardless of cost.
- The item quantity increases for individual items or a set of the same items costing \$5,000 or more.

Note: The amendment must be approved before ordering or encumbering any new item, regardless of cost, or before requesting or ordering any additional units costing \$5000 or more.

Reference Material

The following documents or websites contain additional information to assist with program requirements and compliance questions. Lengthy guidelines are summarized with links to full text.

- - [Texas Education Code](#)