



CAPITAL BUDGETS POLICY

PURPOSE

The capital budget provides funding for the University's physical facilities, equipment, and information technology infrastructure in accordance with objectives set forth in the Strategic Plan.

STATEMENT OF POLICY

While the operating budget focus is the twelve months of the fiscal year, the focus of capital budgeting is the planning process used to determine an organization's long term investment in assets that have a useful life of greater than one year, such as: new and replacement machinery and equipment; major upgrades or repairs; new buildings; building improvements; system infrastructures (such as security, fire prevention, utilities); technology; and vehicles. The capital budget comprises part of the operating budget process because it impacts operating expenses through depreciation expense and requires funding decisions.

To accumulate the comprehensive list of capital spending requests, each Vice President and the Senior Vice President for Academic Affairs is required complete a capital request form covering the next three budget years and submit the request to Chief Operating Office. The three-year project plan helps the department or division look further ahead at its needs in congruence with the University's move towards a longer-term approach in budget and planning. While the three-year request will still be updated annually, planning for the next three years will assist areas in thinking about future needs, such as upcoming accreditation reviews, while allowing Budget and Planning to better project future depreciation expense.

Capital budget requests should prioritize the approved projects according to those identified in the University Facilities Master Plan ("Master Plan") and the Strategic Plan. Master Plan requests must be approved by Facilities and are submitted on Facilities' own capital request list. Strategic Plan requests must reference the specific action item in the Strategic Plan that the request supports. Any requests not included in the Strategic Plan or Master Plan must be categorized as one of the following: deferred maintenance (requires specific Facilities approval), accreditation, or safety. The requestor should include a description of the project/equipment along with a priority ranking. In addition, the requestor should provide a brief narrative that addresses the objective/purpose of the project and/or impact on the University. All submitted requests must have funding in terms of a specific fund and org.

Requests pertaining to acquisitions processed through Facilities or Information Technology must be approved with Facilities or Information Technology and signed off on Request Form before presentation to the Vice President and Chief Operating Office. Each capital budget request should include the anticipated expenditure for the next three years for each project. Formal cost estimates will not be performed until a specific project is approved; however, when vetting the request, the area should work with Facilities or Information Technology to determine an approximate amount and project time period. Additionally, any capital request that requires an accompanying increment (positive or negative) to

operational requirements must also include that amount in the notes on the capital request as well as in the operating budget submission.

Any academic or administrative equipment with a purchase price **greater than or equal to \$5,000** should be included on the capital request form. (Accumulated items of smaller dollar value that are part of a larger piece of equipment that exceeds \$5,000 in total are also considered capital.) As noted previously, this amount needs to include any support (infrastructure, etc.) required for installation and operation.

Once a capital request is approved for spending, the relevant Vice President or Provost will be notified that the project can proceed and the approved budget amount is communicated. If a Vice President decides to substitute one project for another project during the year, a switch can be done only if the funding is not greater than the approved budget and with approval from the Chief Operating Officer. A technology project cannot necessarily be substituted with a facilities project or vice versa due to the resource planning in those areas. If the approved spending is for a facilities or technology project, the initiating department must contact Facilities or Information Technology so that the project can be started through those areas' specific processes. If the approved spending is for equipment, the University's purchasing policies and procedures must be followed. Projects and departments will be charged at the time of payment or when a transfer occurs. Depreciation expense is tracked and recorded centrally.

All Capital Projects are maintained in separate funds by the Controller's Office.

PROCEDURES

For additional Standard Operating Procedures and procedural expectations associated with this Policy, refer to:

[Long Island University Standard Operating Procedure- Budget Development \(SOP LIU F-B-1001\)](#)

[Long Island University Standard Operating Procedure- Budget Management \(SOP LIU F-B-1002\)](#)

[Long Island University Standard Operating Procedure- Capital Budgets \(SOP LIU F-B-1006\)](#)

POLICY TYPE: FINANCE