

SAM - BUDGETING

EQUIPMENT

6855

(Revised 5/1998)

Group 1 and 2 equipment: Capital outlay equipment is categorized either as *Group 1* or *Group 2* equipment:

1. Group 1 equipment is installed equipment such as heating and air conditioning units and is budgeted as part of the construction phase.
2. Group 2 equipment is movable equipment, such as tables and chairs (but not replacement equipment) and is budgeted as its own project phase, typically following construction.

Not all equipment is classified as capital outlay: See Section 6806 for the difference between equipment budgeted through the support appropriation versus capital outlay equipment.

How to request funds for capital outlay equipment: Specific information is required when requesting funding for capital outlay equipment. See Section 6818 for budgeting instructions.

Expenditure of equipment funds requires DOF approval: Government Code Section [13332.11\(c\)](#) limits the cumulative expenditure of project funds for equipment to \$2,000 without prior approval by DOF. This refers to the purchase of Group 2 equipment budgeted in the equipment phase of a project. The project manager requests approval by providing the standard fiscal reporting requirements specified in Section 6845.

Long-lead equipment: Although final equipment lists are generally not approved for purchase until after PWB has approved preliminary plans, there are instances when equipment must be ordered in advance because of installation problems or extended manufacturing time. Subject to DOF and PWB approval, Government Code Section 15792 allows departments to incur equipment obligations to be paid during the fiscal year following the year of a project completion. This authorization:

1. Is limited to the purchase of equipment related to capital outlay projects for which the Legislature has appropriated construction funds;
2. Applies to both Groups 1 and 2 equipment, although in practice the request is made generally for the latter; and
3. Is subject to the determination of future year equipment funding needs based on the project schedule.

See also Section 6842 on PWB's role and responsibilities related to capital outlay equipment.

Agenda package for approval of long-lead equipment. Provide the following:

1. All information required in Section 6845, including the standard fiscal reporting requirements and the agenda package; and
2. Identification of which equipment needs to be ordered early and why.