

LAMAR UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

equipment. This appropriation is referred to as the Higher Education
) or Higher Education Fund (HEF). In this policy, the acronym HEF will be

Higher Education Fund (HEF)

MAPP 05.03.02

Funds appropriated to Lamar University (LU) from the HEF shall be allocated, managed, monitored, and reported to achieve optimum usage and accountability within the purposes for which these funds are appropriated. As a general principle, HEF funds are to be used for acquiring, constructing, or improving intangible and tangible assets. HEF may be used for, but not limited to, the following purposes:

1. Acquisition of equipment, library books, and library materials.

II. PURPOSE AND SCOPE

This policy provides guidelines covering the internal allocation, management, budget, expenditures, and oversight of HEF funds appropriated to LU and related restrictions on these funds. These guidelines apply to the use of HEF funds by all departments and units of the University.

This policy falls under the authority of [Article VII, Section 17](#) of the Texas Constitution, [Chapter 62 of the Texas Education Code](#), and other relevant statutes, laws, and regulations.

III. POLICY PROVISIONS

As treasury funds, HEF funds are subject to state expenditure procedures and restrictions. Expenditures are processed on state vouchers and executed through

If applicable and in compliance with their status as treasury funds, HEF funds are subject to the institutional procurement guidelines and restrictions of the University.

HEF bonds are subject to local expenditure procedures and restrictions.

Advance vendor payments are not aTj-0.0gl-0.7 (al-0.7 (o)1.3 (r)-4.8 (i.7 (o)1.9t01 Tc /PTd())Tj-0.001 Tc 0.001 Tw

APPENDIX

REFERENCES

- A. [Article VII, Section 17 of the Texas Constitution](#)
- B. [Chapter 62 of the Texas Education Code](#)

GUIDELINES FOR EXPENDITURE OF HEF FUNDS

1. General Principles Governing Use of HEF

- a) In accordance with Article VII, Section 17(a) of the Texas Constitution, Higher Education Assistance Funds (HEF) is appropriated for the following purposes:
 - Acquisition of land, either with or without permanent improvements.
 - Construction and equipping of buildings or other permanent improvements.
 - Major repair or rehabilitation of buildings or other permanent improvements.
 - Acquisition of capital equipment, library books, and library materials.
- b) Article VII also provides that governing boards may issue bonds or notes and pledge up to 50 percent of money allocated to secure payment of the principal and interest on the bonds or notes. The proceeds of the bonds or notes may be used for any of the purposes listed in item 1.
- c) Institutions may not use HEF for construction, equipping, repairing, or rehabilitating buildings or permanent improvements used exclusively for auxiliary enterprise, student housing, and intercollegiate athletics.

In cases of construction and renovation of a building used in part for auxiliary enterprises, HEF **may be used proportionally for the Education and General portion of the building only.**

- d) As a general principle, HEF is to be used for acquiring, constructing, or and improving intangible or tangible assets. For the purposes of HEF expenditures, assets are defined as assets that have all the following characteristics:
 - Are intended for use in current or future operations and not for the purpose of resale

Are relatively long lived
Provide measurable future benefit to the entity

Uses of HEF are based upon the state definition of an intangible or "tangible asset," rather than a capital asset. An intangible or tangible asset may or may not be capitalized, or it may be partially capitalized.

For the purposes of these guidelines, costs of acquiring, constructing, or improving tangible assets include all directly related reasonable and legitimate costs. These costs may include salaries (except library salaries) and other costs incurred to place the asset in use and ready for productivity in the broad business sense. This principle is applicable whether performance is by university employees or by third parties.

2. Specific Provisions

- a) Acquisition of land with or without permanent improvements, for the purpose of these guidelines, the following definitions apply:

Land: The surface or crust of the earth which can be used to support structure and which may be used to grow crops, grass, shrubs, and trees.

Cost of land may include

- Purchase price
- Commissions
- Fees for examining and recording titles
- Surveying
- Drainage costs
- Land clearing
- Demolition
- Landfilling

improvements. This category includes additions to, and equipping of, existing buildings.

Buildings: Roofed structures (conventional or underground) housing operations. This category includes storage structures and additions to buildings meeting this definition.

Other permanent improvements: Assets that 3.5 (.9 (s)12.9 A)4.9 (s)1.9 (s(b)-71 (:)-1.3 (tc 0 Tw

- Drainage costs
- Land clearing
- Demolition of existing improvements
- Maintenance agreements purchased as part of the original acquisition (such as those for software application programs and operation systems or for energy management systems)

Equipping costs may include costs of:

- Original contract or invoice of the furnishings or equipment
- Freight-in, import duties, handling, and storage
- Specific in-transit insurance
- Sales, use, and other taxes imposed on the acquisition
- Site preparation
- Installation
- Testing and preparation for use
- Reconditioning used items when purchased
- Maintenance agreements purchased as part of the original acquisition
- Development of software application programs and operating systems

Without the prior approval of the legislature, appropriations under this section may not be expended for acquiring land with or without permanent improvements, or for constructing and equipping buildings or other permanent improvements, for a branch campus or educational center that is not a separate degree-granting institution created by general law.

- c) Major repairs or rehabilitation of buildings or other improvements may include, but is not limited to, the following categories:

Repairs
Renovations
Replacements
Betterments

These improvements are normally expected to:

- Extend the useful life
- Improve operating efficiency
- Eliminate health and safety hazards
- Correct structural or mechanical defects
- Upgrade the quality of existing facilities
- Convert these assets to more useful functions

Cost of major repairs or rehabilitation of buildings or other improvements includes those items identified in item 2 above.

Routine maintenance is not a HEF-eligible improvement.

Cost of library books and library materials may include the costs of

- Invoice price of books or library materials
- Freight-in, handling, and insurance
- Binding
- Electronic access
- Reproduction and like costs
- Similar costs required to put these assets in place, excluding library salaries

e) HEF funds may be used to acquire assets by using any of the following procurement methods:

- Purchase
- Lease/Purchase
- Lease

Refunding bonds or notes: The governing board of each institution covered by Article VII, Section 17 is authorized to issue bonds to refund outstanding bonds or notes. Only bond proceeds issued under this section can be used to refund bonds issued under prior law.