State Funded Purchases

State Purchases can involve two different categories:

1. Purchasing on a state contract or
2. Making a purchase on state funds.

A state agency may purchase a good or service only if the agency has specific or implied statutory authority for the purchase. A state agency has implied statutory authority only if the purchase is necessary for the agency to fulfill its specific statutory duties. A state agency is responsible for determining whether the agency has implied statutory authority. “The mere absence in Texas law of a prohibition on doing some act does not in itself furnish authority to perform that act.”

The Legislature intends for state agencies to exercise their legal authority in a fiscally responsible manner. Therefore, the Comptroller occasionally will question the fiscal responsibility of a payment even though the payment is technically legal.

For Banner accounting, State funds are those funds beginning with 11, 12, 13 or 14. (Funds beginning with 13 are often referred to as HEAF funds, and funds beginning with 14 are also referred to as NRUF funds.)

Purchasing on a State Contracts

Texas Procurement and Support Services (TPASS) awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses.

Purchases are made either in TXMAS or in Texas SmartBuy (the new system).

Information on both systems and available contracts is available on the Texas Comptroller’s website.

The state also has the following other contracts for use:

- Department of Information Services
- Council on Competitive Government
- Texas Industries for the Blind and Handicapped
- Texas Correctional Industries

All State contracts have been competitively bid or are considered set-asides and therefore, do not require any additional procurement steps on behalf of the University.
**Purchasing on State Appropriated Funds**

The State of Texas oversees the use of appropriated funds. Procurement Services has prepared a guideline for restrictions on these funds.

When using State appropriated funds:

- No payment may be made out of an appropriation *unless the appropriation was encumbered* for the payment during the life of the appropriation (no after-the-fact transactions).

- A state agency must charge a purchase of *consumables* to the appropriation year in which the delivery of the consumables occurred.

- A state agency must charge a purchase of *services* to the appropriation year in which the services were rendered.

- *Advance payments* are allowed on the following only: library purchases, payments to federal and state agencies, lease payments, subscriptions, rental fees for a meeting room or exhibit booth, annual maintenance agreements, and registration fees.

- If an appropriation expires on a date other than Aug. 31 of a fiscal year, then the Comptroller may make a payment out of that appropriation until Aug. 31 of the second fiscal year after the fiscal year during which the appropriation expires.

- If an appropriation relates to new construction projects or to repair and remodeling projects that exceed $20,000, then the payment deadline is Aug. 31 of the fourth fiscal year after the fiscal year during which the appropriation expires. In determining whether a repair and remodeling project exceeds $20,000, furniture, equipment, architects’ and engineering fees, and other costs related to the project must be included.

- A state agency or other governmental unit using funds appropriated by the General Appropriation Act may not expend during the last quarter of a fiscal year more than one-third of the funds appropriated by the General Appropriation Act for that fiscal year.

**HEAF Funds (Funds beginning with 13)**

HEAF funds can be used for purchasing:

- Land either with or without permanent improvements
- Constructing and equipping buildings or other permanent improvements
- Major repair or rehabilitation of buildings or other permanent improvements
• Capital equipment—defined as items that a) are for use in current or future operations and not for the purpose of resale, b) are relatively long lived, c) have physical substance, and d) provide measurable future benefit to the university. Capital equipment in this context does not have to be >$10,000.

• Library books and materials

• HEAF funds cannot be used for lease/purchases.

• HEAF funds can only be used for education and general buildings and facilities — not auxiliary enterprises.

NRUF Funds (Funds beginning with 14)

NRUF funds can be used for the following:

• Faculty salaries
• Equipment
• Library materials
• Graduate stipends
• Goods and services used in support of research performed at TTU
• NRUF funds cannot be used for moving expenses or any expenses other than those listed