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BUDGET BULLETIN	H-1026	August 22, 2003
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TO: ALL DEPARTMENT AND AGENCY HEADS

FROM: Carole E. Stone 

SUBJECT: Installment-Purchase and Lease-Purchase Financing of Equipment for the Fiscal Year 2003-04

This Bulletin identifies the requirements for Division of the Budget (DOB) approval of new installment- and lease-purchases of equipment for all State agencies, departments, the State University of New York, and the City University of New York in fiscal year 2003-2004. It is expected that all agency final requests will be at or below amounts recommended with the Executive Budget. **In addition, regardless of previous plans for equipment purchases, final requests must be consistent with your current efforts to identify and implement reductions in contractual services and other areas of agency spending.**

The Division of the Budget is planning a September 2003 State-supported bond sale to finance agency equipment purchases for the entire year. To minimize costs, New York State Personal Income Tax Revenue Bonds (generally referred to as State-supported bonds throughout this Bulletin) will be issued in lieu of Certificates of Participation (COPs) to finance the equipment acquisitions that were requested to be financed with COPs in the Executive Budget and are still deemed essential. However, all of the requirements and procedures for the issuance of COPs as identified in Budget Policy and Reporting Manual Item H-101 will still apply to the State-supported bond sale (e.g., definition of equipment costs eligible for financing, criteria for installment purchases, agency lease payments to the Office of General Services). Please note that requests for State-supported bond financing by agencies with past due COPs billings will not be approved.

To accurately assess all agency equipment needs for which State-supported bonds or vendor financing may be required, agencies must review the financing requests they submitted to their DOB Examination Unit for purposes of preparing the 2003-04 Executive Budget. Agencies should then follow the instructions outlined below to submit their final requests to their DOB Examination Unit for approval by **September 5, 2003**. Timely submission of agency requests is essential to plan for the issuance of State-supported bonds in mid-September 2003.

For all installment- and lease-purchase requests for equipment, agencies must:

- Submit final requests for all equipment installment- and lease-purchase obligations anticipated for fiscal year 2003-04 to your budget examination unit by **September 5, 2003**. (Agencies are directed to Budget Policy and Reporting Manual Item H-101, which was revised and reissued October 10, 2001, for instructions on how to prepare the request.) Agencies must use and complete the H-101, H-101B and H-101C forms identified in Item H-101 of the Budget Policy and Reporting Manual.
- Secure prior DOB approval, through the H-101 process, for all anticipated installment- and lease-purchase financing of equipment, regardless of whether the equipment is financed through State-supported bonds, an equipment vendor, or a financing company. This includes purchases that will be financed through the Statewide Lease Purchase Agreement.
- Submit final H-101 requests only for essential equipment that is critical to the delivery of services or agency operations and for which sufficient spending authority is available to make lease payments. Your requests must be consistent with spending directives and austerity measures provided by recent Budget Bulletins, including Budget Bulletin H-1025 (Contract Review Process), which calls for eliminating or revising contracts to achieve savings while maintaining the delivery of essential services.
- Exclude annual fees or costs for vendor maintenance, training, stand-alone consulting services or upgrade of computer software and/or hardware on the H-101 requests for State-supported bond or vendor financing because these items are not eligible for such financing. Consulting services may be included if the services are part of a package and the hardware and/or software component of the package meets the \$250,000 minimum threshold.
- Obtain DOB H-101 approval before refinancing any outstanding installment- and lease-purchase obligations.
- Limit installment- and lease-purchases to procurements with a minimum outright purchase price of \$250,000.
- For all computer related procurements, obtain appropriate review and approval from the State Office for Technology.

Agencies planning to solicit financing quotes from equipment vendors or financing companies must review the guidelines provided in the Budget Policy and Reporting Manual Item H-101 prior to issuing a Request for Proposal or a mini-bid through the Statewide Lease Purchase Agreement.

Questions concerning this Bulletin should be directed to Nadia Feeser (518-402-2277) or Joe Conroy (518-474-1616) in the Expenditure/Debt Unit. Questions concerning agency H-101 requests should be directed to your Budget Examiner.