Substance Abuse and Mental Health Services Administration
SAMHSA
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www.samhsa.gov • 1-877-SAMHSA-7 (1-877-726-4727)

EQUIPMENT COSTS

As defined in 45CFR74.2 and 45CFR92.3, equipment means tangible nonexpendable personal property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

The following questions must be addressed related to a request for the purchase of equipment (vehicle) before it can be further reviewed or considered:

Is the purchase necessary (justification required) and has the grantee organization fully explored other options as follows:

1. The grantee organization should purchase the vehicle with their own funds or finance it, then its value can be depreciated over the useful life budgeted using grant funds. Is this possible?

2. Can another source of funding (federal or non-federal, e.g., program income, foundation funds, etc.) purchase the vehicle?

3. Has your organization considered a used vehicle?

4. If purchasing or financing is not possible, the grantee organization must submit a lease vs. purchase agreements (signed and dated on the leasing agent or car dealership's letterhead) as stated under 45CFR74.44 or 45CFR92.36 (Procurement Procedures) (1) Recipients avoid purchasing unnecessary items; (2) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the recipient and the Federal Government. In other words, contact a car dealership and request on their letterhead, signed and dated the purchase price of a vehicle and then request from a leasing agent, the cost of leasing a vehicle on their letterhead, signed and dated.

5. Will other programs occupy this van? Or will the vehicle be dedicated to the proposed project only? If so, what would be the other program's portion of the expense? What would the SAMHSA project's fair share?

6. How many clients would utilize this van?

7. How many other vans are available for these clients to use? If so, why would your organization need more than one?

8. Who would drive the van? Will the grantee organization budget for the driver's salary in the subsequent years?

9. Will the grantee organization pay for maintenance, insurance and gasoline? If not, why?