

1. Title

Disposal of U. T. System Property

2. Rule and Regulation

Sec. 1 Determination of Obsolescence. Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer to determine whether or not such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.

Sec. 2 Transfer to Public School. If the chief business officer determines that the equipment is not needed for any department, that it is not practical to store the equipment for possible future use, and that the equipment can be used for instructional purposes, it shall be made available to a public school, school district, or an assistance organization designated by the school district at a price or for other consideration agreeable to the U. T. System and the public school, school district, or the assistance organization in accordance with *Texas Government Code* [Section 2175.304\(b\)](#) before disposing of the property in another manner. Preference must be given to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school, school district, or assistance organization seeks to acquire the same equipment on substantially the same terms, the preferences stated in *Texas Government Code* [Section 2175.304\(c\)](#) shall govern the disposition. The instructional equipment may be transferred to the public school or school district for such consideration, or for no consideration, as the chief business officer determines appropriate. Any surplus or salvage property not otherwise disposed of under this Section and having no resale value may be donated to an assistance organization, as defined by *Texas Government Code* [Section 2175.001\(1\)](#).

Sec. 3 Disposal of Information Technology Equipment. Surplus or salvage information technology equipment, as defined by *Texas Government Code* [Section 2054.003\(3\)\(A\)](#), that is not transferred to a public school, school district, or an assistance organization designated by the school district as provided in

Section 2 above or that is not disposed of under other law must be offered next and at no charge to a school district, an open-enrollment charter school, or the Texas Department of Criminal Justice in accordance with *Texas Government Code*, [Section 2175.905](#).

- Sec. 4 Disposal Provisions. Surplus or salvage equipment that is not disposed of as provided in Sections 1, 2, or 3 above shall be disposed of in accordance with the following provisions:
- 4.1 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids or surplus auction in amounts under \$50,000.
 - 4.2 Sale of property estimated to bring \$50,000 or more shall be made on a basis of competitive bids.
 - 4.3 A sale in the amount of \$100,000 or more shall be approved in advance by the Chancellor and approved by the Board of Regents through the Consent Agenda; provided, however, that in the event of a catastrophic occurrence where insurable property losses are expected to exceed the institution's \$250,000 deductible under the U. T. System's Comprehensive Property Protection Plan (CPPP), the chief business officer of an institution is authorized to enter into contracts to dispose of damaged institution property, including equipment, in a manner deemed to be in the interest of the institution consistent with State law and Regents' Rule 10501.
 - 4.4 Sales to employees are governed by the provisions of [The University of Texas Systemwide Policy UTS159](#) regarding purchasing.
- Sec. 5 Donations to Charitable Organizations. If an item of surplus or salvage equipment is not disposed of as provided in this Rule and the chief business officer determines that the item is of nominal use or value, the chief business officer may direct that the item be donated to a civic or charitable organization or destroyed. If the chief business officer directs the donation of the item to a civic or charitable organization, he or she shall assure that the donation serves a proper public purpose appropriate to the function of the U. T. System or any of the

institutions, adequate consideration flows to the public, and sufficient controls are in place to ensure the public purpose is achieved.

Sec. 6 **Sale of Artwork or Duplicate Volumes.** When the president of an institution determines that a work of art or a duplicate of a valuable, rare, or significant volume is no longer of significant use for the purposes of teaching or research, the item is subject to sale following the procedure outlined in this Section. The disposability and current fair market value of the item shall be certified by a three-member panel (including either an art historian or a bibliographer) and the director of the collection disposing of the property. U. T. System and any of the institutions shall be given first choice in acquiring the item before it is offered for sale. Proceeds from the sale shall be used for purchases to improve the collection from which the item was drawn or to select items more appropriate to the institution's collection areas. Sale is subject to the approval of the president and must be for the fair market value of the item. A permanent record shall be made of the disposition and future location of the item.

Sec. 7 **Transfer of Property.** Property may be transferred from one State agency to another when it becomes surplus. Such transfers from one institution to another or from an institution to another State agency shall have the advance approval of the chief business officer concerned and shall be reported to the president. The chief business officer shall advise departments and administrative offices as to the procedure to be followed in disposing of or acquiring property by this means.

Sec. 8 **Transfers of Data Processing Equipment to Hospitals Located in Rural Counties.** Notwithstanding the requirements of this Rule, a U. T. institution or U. T. System may donate data processing equipment that is surplus or salvage property to a public or private hospital located in a rural county. For the purposes of this Rule, "rural county" has the meaning assigned by *Texas Government Code* [Section 487.301](#).

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Government Code [Section 487.301](#) – Definitions, Rural Health Facility Capital Improvement

Texas Government Code [Section 2054.003\(3\)\(A\)](#), – Information Resources Definitions

Texas Government Code [Section 2175.905](#) – Disposition of Data Processing Equipment

Texas Government Code [Section 2175.304\(b\)](#) – Exception for Institutions of Higher Education

5. Relevant System Policies, Procedures, and Forms

[The University of Texas System Administration Policy UTS159, Purchasing](#)

6. Who Should Know

Employees
Chief Business Officers
Property Managers

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs

8. Dates Approved or Amended

Editorial amendment to add new Section 8 made September 14, 2012
Editorial amendment to Section 4.3 made April 12, 2012
November 11, 2010
August 11, 2005
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

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