Advantages of a Capital Improvements Plan (CIP)

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Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Capitol Blvd. Suite 400
Nashville, TN. 37219
615-532-3555 phone
615-532-3699 fax
ctas@tennessee.edu
www.ctas.tennessee.edu
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Advantages of a Capital Improvements Plan (CIP)

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Some of the major advantages of a CIP are—

1. A CIP creates orderly and systematic planning for the acquisition, financing, and use of capital improvements.
2. An organized CIP provides for a more effective evaluation of alternatives and solutions than the crisis-decision process.
3. A CIP allows for a more in-depth consideration of hidden costs which affect the operating budgets.
4. A CIP provides for funding of projects on a priority basis and keeps a governmental unit within its financial bounds.
5. A CIP can provide for stable payments and tax rates over a period of time.
6. Since a CIP requires different kinds of information and involves multiple-fiscal years for project completion, a CIP developed at a different time than the operating budgets will provide for a better understanding of needs and alternatives.
7. A good CIP will promote better planning and installation or construction since the acquisition will be before the crisis time.

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