

Impact of Removing Licensing Fees from Capital Spending



masbo
Minnesota Association
of School Business Officials

In the House Omnibus bill the following restriction was added to capital spending:

15.13(18) to purchase or lease computers and related materials hardware, initial purchase
15.14 of related software, but not annual licensing fees, copying machines, telecommunications
15.15 equipment, and other noninstructional equipment;

Because of concern about removing licensing fees from capital spending, MASBO distributed a survey to members in April 2013. There were 79 responses to the survey, which are summarized here.

Survey respondents also indicated the location of their district—either inside or outside the seven county metro area. The results are broken out by district location.

Conclusions

Over two-thirds of the districts responding to the survey indicated that licensing fees are paid through capital expenditures. Almost exactly the same number of districts from both within and outside of the seven county metro pay for licensing fees in this way.

Seventeen districts, with 21.5% of the respondents, indicated that they spend over \$200,000 a year on licensing. The majority of these districts use capital expenditures for their licensing fees.

It could be estimated that if the bill is passed in its current form, nearly \$7,000,000 would be shifted from capital to general for the districts reporting in our survey.

Question: How do you currently purchase the majority of your software licenses (Include Finance, HR, Student, Operating systems (ie Windows) library, etc)—by using general funds or as a capital expenditure?

	Response Percent	Response Count
General	31.6%	25
Capital Expenditure	68.4%	54

Question: Approximately how much do you spend annually on licenses?

	Response Percent	Response Count
\$0 - \$50,000	44.3%	35
\$50,001 - \$200,000	34.2%	27
\$200,001+	21.5%	17

Question: How do you currently purchase the majority of your software licenses (Include Finance, HR, Student, Operating systems (ie Windows) library, etc)—by using general funds or as a capital expenditure?

	Inside Seven County Area		Outside Seven County Area	
	Percent	Count	Percent	Count
General	32%	9	31.4%	16
Capital Expenditure	68%	19	68.6%	35

Question: Approximately how much do you spend annually on licenses?

	Inside Seven County Area		Outside Seven County Area	
	Percent	Count	Percent	Count
\$0 - \$50,000	25%	7	54.9%	28
\$50,001 - \$200,000	35.7%	10	33.3%	17
\$200,001+	39.3%	11	11.8%	6