

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

Senate Bill 214 (Senator Jacobs, *et al.*)  
Education, Health, and Environmental Affairs

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**Public Institutions of Higher Education - Textbook Fairness Act**

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This bill requires the governing board of a public institution of higher education to notify students of the textbooks assigned for each course offered at the institution by listing the textbooks and their international standard book numbers on the institution's web site. In addition, the bill prohibits an employee of a public institution of higher education from demanding or receiving a benefit for requiring students to purchase a specific textbook for a course. An employee may, however, receive a copy of the textbook and related instructional materials and may receive compensation from the sale of a textbook that includes the employee's writing or work.

The bill takes effect July 1, 2006.

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**Fiscal Summary**

**State Effect:** General fund revenues could decrease minimally due to a loss of sales tax revenues from textbook purchases at campus bookstores. Higher education revenues could decrease minimally due to a potential loss of business at campus bookstores. Higher education expenditures at the University System of Maryland (USM) could potentially increase to administer and ensure compliance with the bill's requirements.

**Local Effect:** Community college revenues could decrease minimally due to a potential loss of business at campus bookstores. Community college expenditures could increase minimally to administer and ensure compliance with the bill's requirements.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** There are no laws requiring notifications about textbooks or limiting benefits higher education personnel may receive for using textbooks for their courses. In general, the governing boards of institutions of higher education are responsible for setting policies and procedures for the institutions.

**Background:** This bill is modeled on Virginia's "Textbook Market Fairness Act" of 2005. The Act was intended to reduce textbook costs for students by eliminating faculty "kickbacks" from textbook companies and giving students more time to look for assigned texts so they are not forced to buy from campus bookstores where prices may be higher.

A July 2005 report from the U.S. Government Accountability Office (GAO-05-806) found that college textbook prices increased by 186% from 1986 to 2004, more than twice the rate of inflation but less than the 240% increase in tuition over the same period. The report concludes that "many factors affect textbook pricing, [but] the increasing costs associated with developing products designed to accompany textbooks, such as CD-ROMs and other instructional supplements, best explain price increases in recent years."

Some Maryland institutions have developed policies to restrain textbook cost increases. The University of Maryland, College Park (UMCP) requires assigned textbooks to be listed early so students have time to shop for less expensive copies. University of Maryland University College requires instructors to use at least 50% of a textbook in order to assign it for a course. Some campuses also work with vendors to get partial textbooks that exclude some of the supplemental materials.

According to USM, almost all USM campus bookstores include notification of course textbooks on their web sites. St. Mary's College of Maryland (SMCM) reports that it provides textbook information on its college bookstore web site two weeks prior to the start of classes. Both USM and SMCM advise that changes are frequent during the textbook adoption process, which occurs after the instructor provides the bookstore with initial course material information and any issues that would hinder availability of the material have been addressed. USM and SMCM suggest that providing textbook information prior to the final stages of the textbook adoption process could result in higher numbers of textbook returns and exchanges.

**State Revenues:** USM advises that giving students more time to shop for lower textbook prices could harm sales at campus bookstores and could reduce the general fund sales tax revenues if more students purchase textbooks online. However, USM also claims that almost all campus bookstores are already complying with the bill's requirements.

Therefore, any impact the bill would have on general fund or higher education revenues is expected to be minimal.

**State Expenditures:** Morgan State University and SMCM advise that the bill's requirements could be implemented with existing resources.

USM estimates that two additional full-time equivalent positions would be needed at a cost of approximately \$110,000 annually to meet the bill's requirements. This estimate relies on the assumption that campus bookstores operated by outside contractors (for example, Barnes and Noble operates the UMCP bookstore) would not be willing to perform some of the administrative functions required by the bill. Legislative Services assumes that contractors would be responsible for meeting the bill's requirements without the need for additional higher education personnel.

**Local Fiscal Effect:** Community colleges would be subject to the same requirements as the public four-year institutions. Community college revenues from campus bookstore sales could decrease minimally and administrative expenses could increase minimally.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** St. Mary's College of Maryland, University System of Maryland, Morgan State University, Maryland Higher Education Commission, Department of Legislative Services

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