

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 166 (Senator Klausmeier, *et al.*)
Education, Health, and Environmental Affairs

Public Institutions of Higher Education - Textbook Fairness Act

This bill requires public institutions of higher education to notify students of the textbooks assigned for each course offered at the institutions by listing the textbooks and their international standard book numbers (ISBNs) on the institutions' web sites when the materials are identified for order. 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, 2007.

Fiscal Summary

State Effect: General fund sales tax revenues could decrease minimally beginning in FY 2008 due to a potential migration of textbook purchases from campus bookstores to online vendors. Higher education revenues could decrease minimally due to a potential loss of business at campus bookstores. Expenditures would not be affected.

Local Effect: Community college revenues could decrease minimally due to a potential loss of business at campus bookstores.

Small Business Effect: Minimal.

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. Furthermore, the University System of Maryland (USM) advises that almost all USM campus bookstores already include notification of course textbooks on their web sites. St. Mary's College of Maryland (St. Mary's) reports that it provides textbook information on its college bookstore web site two weeks prior to the start of classes.

Both USM and St. Mary's advise that the bill could affect the textbook adoption process, which occurs after an instructor provides the bookstore with initial course material information. When the bookstore gets information from an instructor, it identifies any issues that will hinder availability of the requested materials and will also make the instructor aware of any options that may reduce costs for students, such as using an older or unbundled version of a textbook. After reviewing availability problems and any options suggested by the bookstore, the instructor then has a chance to change or adjust course materials. USM and St. Mary's suggest that providing textbook information prior to the final stages of the textbook adoption process could result in larger numbers of textbook returns and exchanges, and higher costs for students.

USM also notes that, although many campus bookstores provide ISBNs with information about required course information, multiple ISBNs may exist for a textbook if, for example, it is bundled with other materials. ISBNs may also change if a textbook is reprinted or if the publisher of the book changes.

State Revenues: USM advises that giving students more time to shop for lower textbook prices could harm sales at campus bookstores and could reduce general fund sales tax revenues if more students purchase textbooks online. However, USM also claims that almost all campus bookstores are already attempting to provide textbook information as early as possible; therefore, any impact the bill would have on general fund or higher education revenues is expected to be minimal.

USM also projects a potential decrease in contract revenues from outside contractors that operate campus bookstores. For example, Barnes and Noble operates the UMCP bookstore. The funds that Barnes and Noble provides to UMCP under the contract are based on a set rent amount and sales at the bookstore. If sales decline at Barnes and Noble, UMCP revenues would decrease, and if the decline is severe, Barnes and Noble could withdraw from UMCP at the end of its contract. Legislative Services believes Barnes and Noble, and any other contractor-operated campus bookstores, would remain competitive under the bill and revenues would not be impacted significantly.

Local Revenue: 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.

Additional Information

Prior Introductions: SB 214, a nearly identical bill, received a hearing but the Senate Education, Health, and Environmental Affairs Committee took no action on the bill.

Cross File: HB 1092 (Delegate Holmes) – Rules and Executive Nominations.

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

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