

**Department of Legislative Services**  
 Maryland General Assembly  
 2014 Session

**FISCAL AND POLICY NOTE**

House Bill 1408 (Delegate Wood)  
 Appropriations

**Public Institutions of Higher Education - Smoke-Free or Tobacco-Free Campuses  
 - Funding**

This bill requires that, if a public institution of higher education maintains a smoke-free or tobacco-free campus, any State support from the general fund provided to the institution be reduced by a percentage equal to the ratio of revenues generated by the taxes on tobacco products under Title 12 of the Tax-General Article divided by all revenues credited to the general fund.

The bill takes effect July 1, 2014.

**Fiscal Summary**

**State Effect:** General fund expenditures for public four-year institutions of higher education and local community colleges decrease by as much as \$39.7 million in FY 2015. State aid for the University System of Maryland (USM) institutions decreases by \$33.8 million in FY 2015. Higher education revenues and expenditures decrease by a commensurate amount. State aid for Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC) is not affected, since none of these institutions is smoke- or tobacco-free. Future year reductions in expenditures and revenues depend on the adoption or repeal of smoke-free or tobacco-free policies by public institutions of higher education in the State. However, for the purposes of this estimate, it is assumed that all public institutions of higher education repeal their smoke- or tobacco-free policies prior to FY 2016 to avoid the fiscal penalty.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Higher Ed Rev.	(\$33.8)	\$0	\$0	\$0	\$0
GF Expenditure	(\$39.7)	\$0	\$0	\$0	\$0
Higher Ed Exp.	(\$33.8)	\$0	\$0	\$0	\$0
Net Effect	\$39.7	\$.0	\$.0	\$.0	\$.0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** State aid to local community colleges decreases by as much as \$5.8 million in FY 2015. Future year reductions in State aid depend on the adoption or repeal of smoke-free or tobacco-free policies by local community colleges in the State. However, for the purposes of this estimate it is assumed that all local community colleges repeal their smoke- or tobacco-free policies prior to FY 2016 to avoid the fiscal penalty.

**Small Business Effect:** None.

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## Analysis

**Current Law:** On or before a date set by the Maryland Higher Education Commission (MHEC), each of the following governing boards and agencies must submit to MHEC its annual operating budget requests and proposals for capital projects, by constituent institution and affiliated regional higher education centers for the next fiscal year:

- the Board of Regents of USM;
- the Board of Regents of MSU;
- the Board of Trustees of SMCM;
- the Board of Trustees of BCCC; and
- the governing body of each regional higher education center.

In consultation with the Department of Budget and Management, MHEC must present to the Governor, on or before a date set by the Governor, and simultaneously submit a copy to the General Assembly, a consolidated operating and capital budget for higher education that includes the operating and capital budget requests of the governing boards and institutions listed above, the operating budget of MHEC, a report on the current funding of the adopted sets of peer institutions, and recommendations regarding the funding of higher education.

In Maryland, except as otherwise provided, a person may not smoke in (1) an indoor area open to the public; (2) an indoor place in which meetings are open to the public; (3) a government-owned or government-operated means of mass transportation; or (4) an indoor place of employment. The prohibition does not apply to (1) private homes or residences; (2) a hotel or motel room as long as the total percent of rooms so used does

not exceed 25%; (3) specified tobacco facilities and retail businesses; and (4) a laboratory for the purpose of conducting scientific research into the health effects of tobacco smoke.

**Background:** Smoking has been prohibited on the campus grounds, outdoor structures, and school vehicles of all USM institutions since June 30, 2013. Some individual campuses were smoke-free prior to June 30, 2013.

At MSU, smoking is prohibited in all MSU-owned and -operated buildings, stadiums, and outdoor events, as well as in all vehicles owned and operated by MSU. Doorway areas and holding docks are considered part of the building. Smoking is strictly prohibited in residence halls; this includes private residence hall rooms, shared rooms where both occupants smoke, restrooms, and common areas. Smoking is permitted in areas outside of buildings; however, such areas must be a sufficient distance from any MSU-owned or -operated building so as to prevent smoke entering the building. Thus, MSU is not considered a smoke-free or tobacco-free campus for the purposes of this bill.

All buildings on SMCM's campus are smoke-free; however, smoking is permitted on the campus grounds. Thus, SMCM is not considered a smoke-free or tobacco-free campus for the purposes of this bill.

BCCC, the only State-operated community college, prohibits smoking in any indoor campus location and within 30 feet of college building entrances, air intake, or windows or within the covered parking area. For purposes of this bill, BCCC is not considered a smoke-free or tobacco-free campus.

As shown in **Appendix 1**, 14 of the 15 local community colleges are assumed to have smoke- or tobacco-free campuses for the purposes of this bill due to complete bans or the requirement that smoking occur only in designated spaces. Anne Arundel Community College prohibits smoking in any indoor campus location and within 25 feet of college building entrances, but it is not smoke- or tobacco-free campus for purposes of this bill.

The actual ratio of revenues generated by the taxes on tobacco products under Title 12 of the Tax-General Article divided by all revenues credited to the State's general fund for fiscal 2013, the most recent data available, is 2.8%.

The Governor's proposed fiscal 2015 budget includes \$1.2 billion in general funds for the USM institutions of higher education, \$85.6 million for MSU, and \$21.4 million for SMCM. The State also provides funding for the State's 15 community colleges, through the Senator John A. Cade Funding Formula and other programs, and to the State-operated community college, BCCC, through its own formula. The Governor's proposed fiscal 2015 budget includes \$238.2 million for local colleges (excluding retirement), and \$41.8 million in State general funds for BCCC.

**State/Local Fiscal Effect:** As shown in **Exhibit 1**, State aid for USM institutions decreases by a total of \$33.8 million in fiscal 2015 since all USM institutions have been smoke-free since June 30, 2013. State aid for MSU, SMCM, and BCCC is not affected, since none of these institutions is smoke- or tobacco-free. Thus, higher education revenues and expenditures decrease by \$33.8 million in fiscal 2015.

**Exhibit 1**  
**General Fund Reduction for Public Four-year Institutions under HB 1408**  
**Fiscal 2015**

<u>USM Institutions</u>	<u>FY 2015 GF</u>	<u>Smoke- or Tobacco-free Campus</u>	<u>GF Reduction</u>
Coppin State	\$44,416,499	Yes	\$1,243,662
UM Eastern Shore	38,262,538	Yes	1,071,351
Bowie State University	42,484,085	Yes	1,189,554
Salisbury University	47,060,026	Yes	1,317,681
Frostburg State University	39,211,051	Yes	1,097,909
Towson University	107,840,026	Yes	3,019,521
University of Baltimore	34,889,486	Yes	976,906
UM College Park	484,226,835	Yes	13,558,351
UM Baltimore County	113,017,040	Yes	3,164,477
UM University College	40,347,811	Yes	1,129,739
UM Baltimore	216,972,868	Yes	6,075,240
<b>USM Total</b>	<b>\$1,208,728,265</b>		<b>\$33,844,391</b>
<b>Other Public Four-year Institutions</b>			
Morgan State University	85,606,315	No	-
St. Mary's College	21,353,058	No	-
<b>Total Public Four-years</b>	<b>\$1,315,687,638</b>		<b>\$33,844,391</b>

Source: Department of Legislative Services

State aid to local community colleges decreases by as much as \$5.8 million in fiscal 2015 as shown in **Exhibit 2**. This estimate reflects the assumption that all local community colleges except Anne Arundel Community College are smoke- or tobacco-free based on interpretation of the policies listed in Appendix 1.

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**Exhibit 2**  
**General Fund Reduction for Local Community Colleges Under HB 1408**  
**Fiscal 2015**

<u>College</u>	<u>FY 2015 GF</u>	<u>Smoke- or Tobacco-Free</u>	<u>Reduction</u>
Allegany	\$6,100,475	Yes	\$170,813
Anne Arundel	30,060,916	No	-
Baltimore County	40,414,606	Yes	1,131,609
Carroll	8,080,054	Yes	226,242
Cecil	5,714,916	Yes	160,018
Chesapeake	13,394,243	Yes	375,039
College of Southern MD	6,773,077	Yes	189,646
Frederick	9,392,393	Yes	262,987
Garrett	3,654,736	Yes	102,333
Hagerstown	8,742,355	Yes	244,786
Harford	11,189,888	Yes	313,317
Howard	16,105,120	Yes	450,943
Montgomery	43,748,994	Yes	1,224,972
Prince George's	27,181,962	Yes	761,095
Wor-Wic	7,654,909	Yes	214,337
<b>Total</b>	<b>\$238,208,647</b>		<b>\$5,828,137</b>

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

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Thus, general fund expenditures for USM institutions and local community colleges decrease by as much as \$39.7 million in fiscal 2015 due to the public institutions of higher education that have smoke- or tobacco-free campuses as explained above. This estimate assumes no changes in smoking or tobacco use policies prior to the enactment of the bill for fiscal 2015, and it assumes that all public institutions of higher education repeal their smoke- or tobacco-free policies prior to fiscal 2016 to avoid the fiscal penalty in subsequent years. To the extent they do not, State aid reductions are maintained in future years.

**Additional Comments:** As the bill neither defines “smoke-free” or “tobacco-free” nor makes an entity (such as MHEC) the arbiter of what constitutes being smoke-free or tobacco-free, the policies of certain campuses could be interpreted either way. For HB 1408/ Page 5

purposes of this estimate, the Department of Legislative Services assumed that a limitation to *dedicated areas* for smoking (such as a gazebo or in vehicles or certain parking lots) constituted being smoke-free or tobacco-free. If an alternate interpretation were made, State aid for some community college campuses could be maintained in full in fiscal 2015.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 19, 2014  
ncs/rhh

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**Appendix 1**  
**Local Community College Smoking and Tobacco Policies**

<u>College</u>	<u>Smoke- or Tobacco-free</u>	<u>Smoking Policy</u>
Allegany	Y	Smoking is prohibited except in the parking areas beyond the faculty/staff/handicapped parking or in parked vehicles.
Anne Arundel	N	The college prohibits smoking in any indoor campus location and within 25 feet of college building entrances.
Baltimore County	Y	All buildings, exterior grounds, and athletic fields are designated as tobacco-free.
Carroll	Y	Smoking and/or tobacco use is prohibited in college-owned or leased buildings and off-campus sites operated by the college; all college property including parking lots, athletic fields, and the amphitheater; and college-owned vehicles.
Cecil	Y	Cecil College establishes a smoke-free environment for all property owned and/or leased by the college with the exception of designated smoking areas. All smoking and carrying of lighted tobacco products outside of designated smoking areas is prohibited. Designated smoking areas are established by Cecil College and are subject to change and review.
Chesapeake	Y	All smoking and tobacco products are banned on the Wye Mills campus and at the Cambridge Center.
College of Southern MD	Y	Smoking is prohibited indoors and in outdoor areas except college gazebos, designated smoking areas, or inside personal vehicles.
Frederick	Y	Smoke-free campus.
Garrett	Y	Tobacco use is prohibited on the campus, including the parking lot of MTDI, the lower lot where skills are taught, and in the tractor-trailers.
Hagerstown	Y	Smoking of any type of cigarette, cigar, or pipe within any building or structure owned, leased, operated, or controlled by the college is prohibited. No smoking is allowed on any balcony, foyer, or vestibule. Smoking is only allowed in parking lots and designated smoking areas on campus.
Harford	Y	The use of any type of tobacco product ( <i>i.e.</i> , chew, cigarettes, and smokeless, vapor, or electronic cigarettes) is prohibited in all buildings and areas of the campus and off-campus sites supervised by the college. This includes parking lots and personal vehicles.
Howard	Y	Smoking and the use of tobacco products is prohibited on all college-owned, leased, and controlled properties. Smoking is prohibited in all vehicles.
Montgomery	Y	Tobacco-free since 2008.
Prince George's	Y	Smoke free environment.
Wor-Wic	Y	Smoking/tobacco use is permitted on campus only in parking lots, except the lot in front of the Academic and Administrative Building.

Source: University of Maryland Law Smoke-Free Campuses and community college websites