



TEXTBOOK AFFORDABILITY

Used Textbooks Provide a Solution to the Issue of Textbook Affordability

Used Textbook Association Testimony for the Advisory Committee on Student Financial Assistance

Prepared by Barry Major, President, Used Textbook Association

A viable solution to making textbooks affordable for students is possible, but it requires professors, students, publishers and bookstores to work together to implement the ideas outlined in this brief.

- 1. Pay Higher Prices to Students During Buy-Back by Increasing Textbook Adoption Rates**
It's simple ... by increasing early adoptions; students receive more money for their textbooks during buy-back. By professors turning in their adoptions timely, bookstore managers can pay the highest price at the end of the term; increasing the amount students receive by two to three times. See charts 1 and 2 below.
- 2. Limit Unnecessary New Editions**
In a study conducted by Harris Interactive for Nebraska Book Company, 89% of professors believe newer editions contain only minor changes from previous editions. If a new edition is announced, it is critical that professors review the changes to the previous edition to ensure only reasonable new editions get adopted. Every time a new edition is produced, the price the student receives at the end of the term goes to zero, and the student loses 100% of their investment. Furthermore, the supply of used textbooks for the students shopping for the next term is completely eliminated. See chart 3 below.
- 3. Eliminate Unnecessary Bundling and Price Each Component Separately**
Many times, bundles consist of nonessential items that both students and professors have gone on record as saying were not needed for their class. If the textbook originally sells as part of a bundle and the student is unable to return all the components or loses part of the bundle, he or she will lose 100% of their investment. Bundles are yet another way student choice is limited. The marketplace should decide if all components have value; don't force students to buy nonessential items. See chart 3 below.
- 4. Eliminate Built-In Obsolescence**
Built-in obsolescence comes in various forms; textbooks with only a few pages of material which will be torn out during the term such as quizzes or problems, textbooks sold with web access cards, textbooks with school names embossed on the cover, textbooks that are sold without binding and simply have holes punched for a three ring binder. All of these types of textbooks cause the students to lose 100% of their investment at buyback. Quizzes, problems, web access cards and the like might be important to the professor and student, however, we recommend that they be sold separately; thereby assuring the student receives maximum value for the textbook at the end of the term. Again, let the marketplace keep prices in check through normal supply and demand. See chart 3 below.

THE TRUE COST OF TEXTBOOKS

The true cost of a textbook is not the initial price paid for the book. One must also take into consideration what value the student can receive from the sale of the book after the term is complete; resulting in the True Cost of purchase. As mentioned above, certain market dynamics can have a substantial affect on this process.

Chart 1

Timely Adoptions and Re-Adoption of Textbooks – Students Save Money!

Example: A textbook is purchased new for \$100. It is then re-adopted for use again the following semester on the campus.

Book Used Next Semester on Campus	New Textbook	Used Textbook	eBook	Rented Textbook New¹	Rented Textbook Used¹
Student Cost at Purchase	\$100	\$75	\$66	\$65	\$49
Student Earnings at Buy-Back – book used again on campus	\$50	\$50	\$0	\$0	\$0
True Cost to Student	\$50	\$25	\$66	\$65	\$49

Source: Nebraska Book Company

As is clearly seen in Chart 1, students receive more money at buy-back when the professor re-adopts the same textbook the following term; lowering the true cost of purchase.

Chart 2

Textbooks Not Re-Adopted – Cost Students Money!

Example: A textbook is purchased new for \$100. The textbook is **not** re-adopted for use again the following semester.

Book Used Not Used Next Semester	New Textbook	Used Textbook	eBook	Rented Textbook New¹	Rented Textbook Used¹
Student Cost at Purchase	\$100	\$75	\$66	\$65	\$49
Student Earnings at Buy-Back – book not used again on campus	\$20	\$20	\$0	\$0	\$0
True Cost to Student	\$80	\$55	\$66	\$65	\$49

Source: Nebraska Book Company

In this case, the textbook is not re-adopted; the true cost increases. Since the book still is being used by other universities around the country, it still has some value. The price the student receives is less because the bookstore must sell the textbook to a wholesaler who, must then pay to have the book shipped to their warehouse, where other costs are incurred handling the textbook.

Professors clearly have a role in lowering costs – re-adopt the same book whenever possible and turn that information into the bookstore so that bookstore personnel can pay students more at buy-back.

¹ Textbook Buy Rent, *The College Store*, July/August 2004 issue.

Chart 3

Impact of New Editions, Bundling and Built-in Obsolescence – Limiting Student Choice!

Example: In the spring 2006 term a textbook is adopted and used. Before the buyback that spring, a new edition, bundle or textbook with built-in obsolescence (normally comes in form of new edition) is announced for the fall 2006 term. The spring edition textbook sells for \$100 new. The new edition is assumed to cost 5% more than the last edition. The new edition is also adopted for use the following term.

New Edition, Bundle, etc Issued And Adopted	New Textbook – Spring Term	Used Textbook – Spring Term	New Textbook – Fall Term	Used Textbook – Fall Term
Student Cost at Purchase	\$100	\$75	\$105	None Available
Student Sells at Buy-Back – New Edition, bundle affects value.	\$0	\$0	\$52.50	N/A
True Cost to Student	\$100	\$75	\$52.50	N/A

When a new edition, bundle or textbook with built-in obsolescence is produced and the professor adopts it, the first buyers of the new edition are limited in choice – only new textbooks are available; there are no used textbooks. The student pays 33% more than used! (\$100 vs. \$75) In addition, the student that has been using the older edition for the most recent term receives nothing at buyback, increasing their true cost 300% (\$75 vs. \$25) over what they would have paid if the new edition was not released.

New editions, bundling and built-in obsolescence all have the same effect on the cost students pay for their textbooks by affecting the supply of used textbooks and forcing students to buy new, more expensive new textbooks.

New editions are required in many cases (example: maps change as a result of governments changing in certain parts of the world.) However, closer monitoring by professors to ensure only appropriate editions get adopted will save students money.

In a study conducted by Harris Interactive for Nebraska Book Company, 40% of students indicated that material that comes shrink-wrapped with textbooks (bundling) is either Not Useful at All or Not Very Useful. This compares to only 19% of students who responded that these materials were either Extremely Useful or Very Useful. By a margin of two to one, students reject the use of bundling material. In addition, 75% of professors believe bundling causes prices to increase and 54% report that this practice prevents students from selling their textbooks back or from obtaining used textbooks.

Built-in obsolescence comes in various forms; textbooks with only a few pages of material which will be torn out during the term such as quizzes or problems, textbooks sold with web access cards, textbooks with school names embossed on the cover, textbooks that are sold without binding and simply have holes punched for a three ring binder. All of these types of textbooks cause the students to lose 100% of their investment at buyback. Quizzes, problems, web access cards and the like may be an important component to the class, however they should be sold separately; thereby assuring students receive the maximum value for the textbook at the end of the term.

Faculty is an important part of the formula to lowering the price of textbooks. According to a recent Nebraska Book Company study conducted by Harris Interactive, when deciding whether or not to consider requiring a textbook for class, the majority of professors consider their syllabus and past experience with the textbook – costs are a secondary concern to professors when selecting course materials. As it should be – professors should focus on providing students with the best educational experience and that includes the textbook selected.

However, faculty members are in much greater control of textbook prices than they realize. They have the power to re-adopt textbooks for longer periods of time, thus putting more used textbooks into the marketplace. Limiting bundles and custom textbooks is also a way faculty members can help lower textbook prices and again, drive more used textbooks into the hands of students.

The bottom line – when the current textbook meets the needs of the professor, faculty members should opt to re-adopt textbooks for additional terms in a timely fashion; it will lower the price students pay for textbooks.

BACKGROUND INFORMATION

RISING TEXTBOOK PRICES

Textbook prices are on the increase. The GAO reports that the average annual cost of textbooks and supplies is \$898 at four-year institutions.² The US Department of Education estimates the annual costs of textbooks and supplies for a four year student to be \$850.³ Regardless of the actual dollar figure, textbook costs are a substantial financial burden for students. According the research conducted by Nebraska Book Company through Harris Interactive, half (50%) of students state the cost of textbooks and materials causes an extremely difficult or very difficult financial burden for them.

With textbooks becoming more expensive and harder for many students to afford, one can assume that there is an impact on the education students receive.

Factors contributing to rising textbook prices include:

- Increased frequency of new editions
- Unexpected bundling of course materials
- Increased use of built-in obsolescence (sometimes called customization)
- Slower faculty adoption rates

Increased Frequency of New Editions

The frequency of new editions continues to climb. According to the GAO Report issued in 2005, “Publishers told us that textbooks are generally revised every three to four year, compared with cycles of four to five years that were standard 10 to 20 years ago.”

The end consumer, including both the faculty member and the student, merits a clear understanding of why a new edition was released and the benefit that will be gained from utilizing the new edition verses the current edition. All relevant information must be presented so that an informed decision can be made about the need to switch to a new version.

² GAO Report, page 2, July 2005

³ National Center for Education Statistics, IPEDS, 2003-04

Case in Point

Title: UA Fundamentals: Adjusting to Life at a Major University
Edition: 2nd
ISBN: 0-5367-4188-3
Copyright: 2004
Publisher: Pearson Education
New Price: \$70.75
Used Price: \$53.05

Title: UA Fundamentals: Adjusting to Life at a Major University
Edition: 2nd
ISBN: 0-5362-6624-7
Copyright: 2007
Publisher: Pearson Education
New Price: \$74.20
Used Price: \$55.65

UA Fundamentals: Adjusting to Life at a Major University is a classic example of un-needed new edition. The only change from between the two versions of the textbooks appears to be three photographs on the cover of the textbook. The publisher even neglected to update the preface in the 2007 edition which notes the changes in each edition; the preface of the textbook references changes made two editions prior to the release of the current version.

Due to the release of the new edition, students were not able to sell back 2nd edition textbooks – those students did not have the ability to re-coup any portion of their money for the original textbook. In addition, students taking the course during the following term had to purchase all new textbooks.

By simply changing the photographs on the cover and labeling the textbook with a new ISBN number, the publisher impacted thousands of students and the amount each student paid for the textbook.

Bundling of Course Materials

Bundling of course materials is also impacting textbook affordability. For example - a university located in the mid-west, uses 2,619 titles in the schools' curriculum. Estimated enrollment in all classes is 166,583 students with average enrollment per class of 63. On this particular campus, 130 of the titles, or 5%, are bundles; however, the percentage of total sales for those 130 classes with bundles is 40%. In addition, the data shows that for this campus, 24% of the enrollment has a bundle and that the average class size with bundles is 303⁴.

Put another way -- 5% of the classes had bundles affecting 24% of the students and those students paid 40% of the money.

When bundles are used by the professor to add value to the course, they are important. However, all too often, the additional materials are not used by the professor and the student would have benefited financially by being able to purchase only the textbook.

Simply put, this is about choice. Students should have the choice to buy materials bundled or un-bundled. It is imperative for faculty members to have a clear understanding of the materials that will be packaged within the bundle so that each faculty member can be assured that the correct materials are included and that he or she intends to use all of the materials in class, therefore, eliminating frivolous, non-used materials.

⁴ Nebraska Book Company proprietary trend information; Fall RUSH 2006

Case In Point

Title: Promise and Performance of American Democracy
Publisher: Thomson Learning
ISBN: 0-534-64315-9
Edition: 7th Edition
Copyright: 2006
New Price: \$63.10
Used Price: \$48.60

ISBN: 0-495-26731-7
Edition: 7th Edition
Copyright: 2006
New Price: \$64.25
Used Price: \$49.50 (none available due to new ISBN)

The 7th edition of Promise and Performance of American Democracy was used during the spring 2006 term. The bundle included the book and a syllabus, nothing else. Before buyback for spring term a new ISBN was announced for fall term, leading the bookstore manager to believe a new edition was coming out for the fall. As a result, students at buyback did not receive anything for their textbook.

When the bookstore manager received shipment of the new bundles for the fall 2006 term, the book in the bundle was the identical book – 7th Edition. The only change was the syllabus and the ISBN number. The publisher had bundled an identical package with nothing new except a 14 page syllabus. The result increased the true cost to not only students in the spring but those in the fall as well. In the spring students received nothing at buyback, increasing their true cost of this book \$31.55. In the fall, there were no used books available and students were forced to buy only new, at a cost of 30% more than used.

Built-in Obsolescence

Built-in obsolescence comes in various forms; textbooks with pages of material that will be torn out during the term such as quizzes or problems, textbooks sold with web access cards, textbooks with school names embossed on the cover, textbooks that are sold without binding and simply have holes punched for a three ring binder. All of these types of textbooks cause the students to lose 100% of their investment at buyback.

Case In Point

Title: College Algebra
Edition: 2nd Custom Edition
ISBN: 0-536-22072-7
Copyright: 2006
Publisher: Pearson Custom Publishing/Prentice Hall
New Price: \$76.75
Used Price: \$57.56 – however, none available.
Used Price (Book Only): \$25.00 – does not include problems or web access kit.

This custom edition consists of the 7th Edition College Algebra textbook bound together with a workbook of problems as well as the school name embossed on the cover. In addition, the bundle has a web access kit. By constructing the bundle in this manner, the student is destroying all value of the textbook by simply doing his/her homework. The value is zero at buyback; therefore the true cost of bundle is \$76.75. If the student could have bought used the true cost would have been only \$38.38 assuming the textbook had been re-adopted.

Faculty Adoption Rates

The final issue impacting rising textbook prices is the importance of timely faculty adoptions. Faculty members play a significant role in the price a student receives for his or her textbook at the buy-back counter.

One of the benefits of our educational system is the ability of faculty members to select textbooks and educational materials that will bring value to the course and enhance the students' learning. By proactively partnering with the bookstore to place their orders in a timely manner, faculty members will satisfy their choice for course book requirements and make certain students receive the highest dollar for their textbooks at buyback.

By submitting adoptions early and re-using a textbook for another term, faculty members can significantly reduce the amount of money students spend on textbooks. This simple step provides students with higher sell-back prices at the end of the term and allows for more used textbooks the following term.

Case In Point

Title: West's Business Law
Edition: 10th
ISBN: 0-324-30390-4
Copyright: 2006
Publisher: Thomson

West's Business Law sells new for \$156.60 and \$117.45 used. At the end of the term, if the professor has not re-adopted the textbook for use the next term, the student will receive \$49.00 back for the book, regardless of if it was purchased new or used, making the true cost of the new textbook \$107.60 and the true cost of the used \$68.45. However, if the textbook is re-adopted by the professor for use the next term prior to the start of buyback, the student will receive \$78.30 back for the book, again regardless if it was purchased new or used, making the true cost of the new textbook \$78.30 and the true cost of the used \$39.15.

A timely submission of the professors' adoption prior to the start of buyback profited the student an extra \$29.30 over the price he or she would have received if the adoption was not submitted prior to the start of buy-back. In addition, on many campuses this textbook is used in large classroom settings so with a large number of students, the overall financial impact of a timely adoption could be in the thousands of dollars.

PROPOSED INDUSTRY SOLUTIONS

Textbook Rental Programs

Textbook rental programs are being explored as an option on a handful of campuses. According to NACS, as of spring 2006, textbook rental services were offered by only about 1% of NACS member stores in the United States and Canada.⁵ However, states such as Illinois, Minnesota, New Jersey, and Oklahoma are all exploring potential legislation supporting the implementation of textbook rental programs.

The big question remains: Do textbook rental programs save students money?

⁵ NACS Article FAQ on Textbook Rental Programs: http://www.nacs.org/common/research/faq_rentals.pdf

It may appear that rental programs save students money, but once you start to dig deeper, the answer is not so clear. Institutions that have implemented textbook rental programs cite savings for students; however, the entire picture is often misrepresented.

Textbook rental programs require a significant capital investment by the institution. NACS estimates conservative startup costs for a textbook rental program serving a school of 9,500 students to be \$3 million.⁶ And, that's conservative. Some estimates are closer to the \$12 million mark depending on the size of the school. Plus, additional resources are required for storage space and maintenance of the inventory; computer systems to maintain the inventory and track rentals and returns; additional staff; and greater liability for book damage, loss and theft. The additional expenses are all passed on to the student in one form or another. The frequent result: students may experience higher fees added to their overall tuition.

Students also experience additional expense because not all materials are typically included in rental programs. Supplemental materials, which can significantly increase their costs beyond the rental fees, are often not included in the rental program. In addition, smaller enrollment courses and graduate school courses are not generally covered – adding expense to the students' bottom line.

For textbook rental programs to be successful, support from faculty members and the administration is critical. To cover the expense of the textbook, faculty members would be required to use the same textbook for four to six semesters before selecting a different textbook.^{7[8]}

According to the State of Illinois Board of Higher Education, Report on Textbook Rental Study, “serious questions were raised about implementing a textbook rental program for colleges and departments of technology, engineering, science, and interdisciplinary studies. The mission to create, understand and share knowledge that is expanding so rapidly would be limited by using the same textbook for two to three years in those disciplines.”

“The strength of the higher education system in this country has long been the freedom for faculty members to determine the best method of teaching the subject matter outlined in the course description,” continues the report. “This freedom extends to selecting the textbook most appropriate for the course.”

The result, textbook rental programs are frequently disparaged by faculty members due to the restrictions put in place regarding timelines for changing texts to make the program economical.

The ultimate goal of any textbook rental program should be to better serve the student body. However, how can that be done when students themselves do not embrace the program? Student acceptance and use of a rental program is typically low. Case in point: a test rental program was conducted at Los Angeles Pierce Community College. About 25 percent of students elected to lease rather than purchase textbooks. Some 45 percent of those who leased failed to return the book at the end of the semester, and the bookstore was unable to recover the deposit from 20 percent of those who did not return their book(s). So, out of 100 students in a given class, 25 would lease, 11 would fail to return the book, and three would not pay the deposit and fees.⁸

A concerted effort on the part of faculty, students and the local bookstore could accomplish just as much but at the same time leave choice in the hands of students and faculty. There is no doubt if the campus works to create a strong used textbook program, the net cost to student is equal to or better than a rental program. And, the risk associated with managing and financing a rental program is eliminated.

⁶ NACS Letter to Governor Schwarzenegger, September 3, 2004

⁷ Illinois Board of Higher Education, Report on Textbook Rental Study, February 1, 2005

⁸ *The College Store*, Rental A Case Study, July/August 2004

Electronic Textbooks

Electronic textbooks, or ebooks, are being promoted as a solution to making textbooks more affordable. However, student acceptance is low and only a handful of bookstores offer textbooks electronically. Common concerns from students regarding ebooks include the challenge of reading the textbook on screen, limited printing capabilities, and the inability to simply take a textbook with you during the day.

The draw towards ebooks has been cost. There is a perception in the marketplace that ebooks offer students a substantial savings over traditional textbooks. However, ebooks are not necessarily less expensive once you factor in the money students receive when selling back the textbook at the end of the term.

So, which is the better deal for the student?

True Cost of Organic Chemistry, 6th Edition Textbook

New \$169.58 less buyback of 50% = \$84.79 – True Cost

Used \$127.19 less buyback of 50% of new = \$42.40 – True Cost

ebook \$116.59 – True Cost - no buyback value.

While ebooks are not necessarily the most economical choice for students, they do support the need to offer students choice. By adding an ebook to the offering along side new and used textbooks along with a clear cost benefit example, students can make an informed choice about the textbook like to purchase.

Legislation

The marketplace is not effectively regulating textbook prices and, as a result, legislators are becoming involved. Numerous states have proposed, and several have passed, legislation to address the issue of textbook affordability. Legislation thus far, has covered a variety of approaches to help reduce the rising costs of textbooks including actions such as: full-disclosure of changes within new editions, unbundling of materials, guidelines for faculty members when selecting textbooks, and textbook rental programs.

Virginia enacted a law last April requiring the state's public colleges to address the issue of bundling. In short, at the state's public colleges, if a professor is not going to use each of the items included in a bundle, the professor must notify the bookstore. The bookstore must then attempt to order each of the components separately, if it's less expensive for the student.

Connecticut has also enacted legislation this year that requires publishers to inform professors of the price the textbook is sold to the bookstore and the textbook's history of revisions. Washington state is also not far behind with legislation. The state requires bookstores affiliated with state colleges to inform faculty members of the cost of new textbooks and the differences between the editions.⁹

According to NACS, 18 states this year saw legislation introduced that dealt with textbook costs in the same manner.

Student Public Interest Group chapters have also formed in 14 states along with the Make Textbooks Affordable Campaign. Through a cohesive approach, these groups are working to help faculty members lower the cost of textbook prices, lobby proposed legislation, and develop other sources for students to secure the textbooks they require through textbook swap programs.

At Michigan State University, the on-campus bookstore is taking an active approach to combat the issues involving affordability, offsetting the need for legislation. The bookstore and student services leaders have worked together to develop a proactive communications strategy to provide valuable tips for faculty members when it comes to ordering textbooks. The strategy includes a simple sheet entitled, *Things to Know for Ordering Your Textbooks*, and includes tips such as:

⁹ Efforts Mount to Cut Costs of College Textbooks, Wall Street Journal, September 28, 2006

- Using the same book for the upcoming term will give more money to students during buyback at the end of the term.
- Using the same book again offers more used books to students, which saves them money.
- Using the same edition of a book will also save students money. Often, there is little difference between editions.
- Ordering books before finals weeks will put more money into students' pockets at buyback time during finals.
- If a publisher's representative talks to you about using a bundled textbook, ask if the student will really need the added items. With bundled items from the publisher, students can purchase only NEW books forcing them to spend more money.

This proactive approach is designed to empower faculty to have all of the facts prior to ordering textbooks and help better communicate the impact of faculty decisions. At Michigan State University, the bookstore is working to combat the issue and has taken the future of textbooks into their own hands verses that of the lawmakers.

About the Used Textbook Association

The Used Textbook Association was founded in 2006 to advocate the role and value of used textbooks in the marketplace and in turn, increase the supply of used textbooks available to students. The Association works to provide students and faculty members information on the buyback process, improve the rate of early adoptions by faculty members, and ensure textbook merchandise practices are appropriate and meeting the goals of higher learning.

Founding members of the Used Textbook Association include: BUDGEText, Nebraska Book Company, New Jersey Books, Southeastern Book Company, Texas Book Company, and Tichenor College Textbook Company. In the initial 30 days of membership recruitment, more than 60 bookstores joined the Association and we expect several hundred more to join in the coming year.

To make a difference and drive the strategies outlined, the Used Textbook Association is focusing on the following key areas:

- 1) Build a dynamic, member-centric association that serves the needs of campus bookstores, faculty members and students with the goal of making certain used textbooks remain an economical and viable option to keeping textbooks affordable.
- 2) Work directly with influencers and policy setters – used textbooks are a viable solution.
- 3) Help students and the marketplace understand the true cost of textbooks.
- 4) Increase awareness of the importance of more timely adoptions by faculty members.
- 5) Increase the overall supply of used textbooks.

The Used Textbook Association was founded to ensure the value of used textbooks is communicated to the marketplace but it also represents the importance of choice for students – supporting their ability to purchase new or used textbooks, bundled or un-bundled items – open market competition, disclosure of information regarding changes to new editions, and perhaps most importantly, academic freedom.

The Used Textbook Association offers a marketplace solution to the issue of rising textbook prices but it requires that college store managers, faculty members, publishers, textbook wholesalers and students work in unison to responsibly manage the marketplace.

Additional information regarding the Association can be found at www.usedtextbookassociation.org