

RISING TEXTBOOK PRICES

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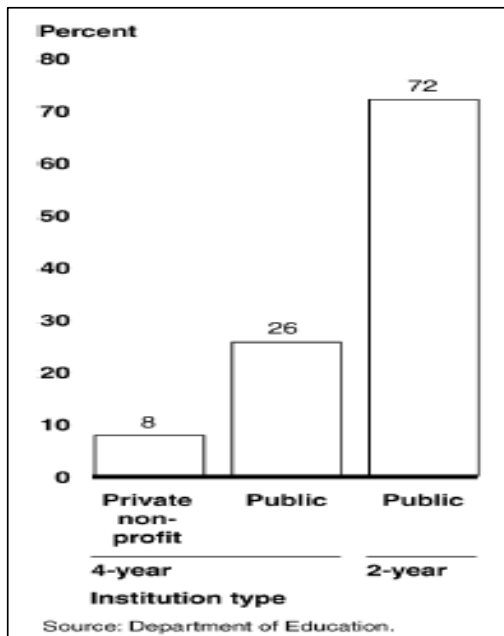
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THESIS OVERVIEW

THE PROBLEM

If you ask any student at almost any college, public or private, all across America if they feel like they are paying too much for their textbooks, the answer would be the same all



across the board. One of the greatest costs associated with higher education aside from tuition, are the rising costs of supplemental materials, specifically the cost of textbooks. Not only, have textbook prices been on the rise for every year for the past twenty years, they have risen at a rate higher than that of inflation for the past twenty years (Government Accountability Office).

Textbooks over the past twenty years have risen a total of 120% while the

rate of inflation was only 60% (Government Accountability Office 2007).

With tuition costs becoming higher and higher, finding a way to provide students with lower cost textbook options could be a sustainable way to offset current tuition increases and lower the overall cost of attending college. At four year public institutions (the primary focus of this paper), textbooks cost students an **average of twenty six**

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percent the cost of what they pay for tuition (essentially raising the cost of tuition by 26%)(Government Accountability Office).

At the beginning of each semester college students must face the high costs of textbooks and look for ways to make those costs as low as possible. It is estimated that **70% of all college students do not purchase at least one required book each semester (High Prices 1). Among those 70% of students, three fourths believed that their choice to not purchase would significantly affect their grade in the course.** The importance of this issue gained national coverage in 2007 when Congress briefly addressed the issue in the College Opportunity and Affordability Act of 2007 (an amendment to the Higher Education Opportunity Act of 1965).

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Congress's solution was to pass a law requiring publishers to inform faculty about the price of the textbooks which they were are planning to use in their class, along with requiring campus bookstores to publish the ISBN (book identification numbers similar to a barcode) numbers prior to the beginning of the term so that students would be able to shop around for the best prices before their classes started. Though this was a step in the right direction, it seems to address only a symptom of the problem. Congress believed that increasing the amount of information available to students and faculty would lower not only prices but the amount of money spent each semester by students. Though they may have hoped to create a more permanent solution, this amendment was a step in the right direction.

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Though some may view textbooks high textbook prices as a sacrifice students must make in the pursuit of higher education, there are many alternatives which would provide students with provide the same quality learning material at a substantially lower cost.

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THE PLAYERS

The Faculty/Professors:

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The selection of textbooks is much like a doctor prescribing drugs. Doctors often prescribe expensive drugs when there is an equal generic brand. The doctors are not only ignorant to the cost to the patient, but they are also ignorant to the cheaper alternatives. Like the doctors, the professors often select textbooks without truly evaluating alternatives. Whether they do not fathom the cost of the textbook they have selected for use, or they are unwilling to evaluate the different options due to the amount of time and effort that would be involved is unclear. Different professors have different reasons for selecting which textbooks they use, and it is understandable that some faculty choose to stick with a textbook they have used in their course for many years. But many times professors do not take the time to evaluate other options that may have the same caliber of material at a lower cost. Along those same lines, both new editions and custom textbooks (which are textbooks tailored to their specific classroom needs) eliminate the used book market, in turn driving prices higher. Faculty need to look at the cost benefit analysis of their current textbook selection, and evaluate whether

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the use of new editions, custom textbooks, and bundled material (which are all generally associated with driving prices up) are truly worth the added costs to students

The Publisher:

The textbook market is a unique market. In the textbook market, someone other than the person selecting the product generates the demand. Professors select the textbook that students will use and then in turn the publisher (along with the retailer) set the price that the student will pay. Laws of supply and demand do not work the same way in this market, as the buying power of students along with their ability to drive down prices is virtually eliminated. Over the past few years options for students have increased due to increased presence of online retailers along with the emergence of e-books, but neither of these address the real issue of the costs. Publishers play a major role in setting the prices. The increased number of new editions, along with the use of custom materials is a large factor in the rise of textbook prices. New editions, which a study by the Student Public Interest Research Group revealed, often have very little new material, undercut the used book market, and force students to pay a higher price.

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The Retailer:

The number of retailers has been increasing. With required disclosure of textbook ISBN numbers, traditional on-campus retailers have seen a flurry of competition over the past few years in their own backyard. Along with increase of brick and mortar competitors looking to get a piece of the pie, campus bookstores now have another major competitor:

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Amazon. Not only does Amazon (and online websites like Amazon) sell textbooks directly to students at costs often much lower than offered by campus bookstores (see page 23), but Amazon also acts as a ~~customer-to~~ customer marketplace for students looking to sell their textbooks. Traditional retailers are beginning to lose out on sales volume because of high prices and low margins. Traditional retailers, like university sponsored bookstores, cannot achieve economies of scale and along with high prices and low margins, costs associated selling textbooks from brick-and-mortar stores are at an all time high are at an all time (UT Bookstore). The introduction of e-books has also begun to force traditional retailers to reevaluate their strategies.

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The Student:

Students are not without blame in this situation. By not speaking out about the importance of this issue they are effectively allowing prices to remain high. For students this is a ~~short~~ term problem. They are only in college for a limited amount of time, at which time the high costs of textbooks ceases to be a problem. Though they may find quick fixes, which for most ~~means~~ biting the bullet and paying the high prices, they know they will only be in school for a short amount of time and ~~that textbook~~ costs are ~~only~~ short term problem. Short cuts such as not buying a textbook or choosing to share not only inhibit ~~student~~ learning but also have a direct effect on the academic credibility of the entire university.

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PURPOSE

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The price of textbooks affects every student on every college campus in the United States. Prices are currently at an all time high and they have been steadily increasing at an alarming rate over the past twenty years (College Textbooks). With the rising cost of tuition at universities across the country, and the average amount of debt for college students hitting an all time high of \$25,000 (Lewin), the high cost of supplementary costs of attending college, mainly textbook is one of the most important issues facing students today. At two year institutions (community colleges) the price of textbooks can be up to 70% of the cost of tuition (College Textbooks). The high price of textbooks needs to become a priority at the university level along with at the national level. The issue has been addressed before (Higher Education Opportunity Act), but no long lasting solutions have been offered. Over the course of my thesis I hope to explore the current state of the industry, look for what is actually the cause of high textbook prices, and to evaluate long term sustainable options that will deliver monetary relief to students all over the nation. Part of my focus will be to look at schools across the nation who have already begun to achieve results with unique programs aimed at reducing costs to their students. I also hope to come up with recommendations to my own university, the University of Tennessee, as to what would be the best option to help alleviate the burden of high costs of textbooks from students.

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DEFINITION OF COMMON TERMS

I. TEXTBOOK: the term textbook means a college textbook or set of textbooks, used for, or in conjunction with a course at an institute of higher education. The functions of textbooks vary are often used to supplement course instruction. They are key to a student's success in a course.

II. BUNDLE: the term bundle means one or more college textbooks or other supplemental materials that may be packaged together to be sold as course materials for one price.

III. CUSTOM TEXTBOOK: the term custom textbook means a college textbook that is compiled by a publisher at the direction of the faculty member or other person in charge of selecting course materials. They can be looseleaf (consisting a printed pages unbound), paperback, or hardback.

IV. E-BOOK: an e-book is a textbook publication in digital form, consisting of text, images, or both. They are often read on e-readers, but e-books can often be read on e-readers, along with mobile phones, computers, and other electronic devices. E-books are becoming a popular alternative due to perceived lower initial costs, longevity, and instantaneous delivery. Publisher are beginning to integrate e-books with other interactive learning tools such as live peer-to-peer blogging and interactive graphs and exercises

V. E-READER: an e-reader is an electronic device used to view and read textbooks.

Some textbooks are in formats only readable on certain e-readers. Amazon and Apple are beginning to offer more and more textbooks on their respective e-readers.

VII. BUY BACK PRICE: the buyback price refers to the amount of money a student will receive when selling their textbook. Bookstores often have quotas and fixed price offerings related to buyback prices. Many students choose to list their used textbook on sites such as Amazon and Craigslist.

VIII. OPEN EDUCATIONAL RESOURCES (OER'S): open educational resources are digital education resources that have open licenses which allow for the free sharing of educational materials such as digital textbooks. The OER movement eliminates the costs of textbooks and allows for students to purchase print versions and e-reader versions at much lower costs.

IX. TEXTBOOK RENTALS: textbook rentals allow students to pay a flat fee at for a textbook with the stipulation that they return them in an acceptable condition at the end of the semester. Though a popular alternative, it eliminates the potential for any reimbursement through buy back.

X. BOOKSTORE: a brick and mortar on-campus retailer often affiliated with the university.

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COLLEGE TEXTBOOK MARKET

THE BROKEN MARKET

The textbook market is a unique market. In a normal market the buyer selects the goods based on price and quality from a variety of suppliers, but in the textbook market the choice of product made by the end consumer, the student, is put in the hands of the professor. Unlike a normal market where one might choose not to buy a product if the price is too high, the textbook market puts students in a position that forces (forces in the sense that if they wish to be successful in a class they must purchase the textbook)



the student to purchase the product at whatever the price may be. Without the textbook, the learning ability of the student may be hindered, and they are left with the options of attempting to share with a friend or trying to skate by without the required material.

According to a study by the Student PIRG, 70% of all college students do not purchase at least one required book each semester (High Prices 1). Among those 70% of students, three fourths believed that their choice to not purchase would significantly affect their grade in the course. It has been deemed a broken market by economist James Koch (**reference to his paper**). The term broken market refers to the end consumer having the product preselected for them with limited avenues to acquire the product. Though this has recently been remedied to some degree by the use of a previous edition of the required textbook, the introduction of new formats, and the recent trend of textbook

rentals, the market is still flawed in comparison to traditional markets. When a professor chooses the textbook that will be used for the course, the price of the book often has no immediate effect on their decision. Many professors are either unaware of the costs to students, or choose to defer the blame of the high prices on to the retailers.

A HOT TOPIC

Between 2005 and 2007 there was a flurry of legislation around the issue of textbook costs. Around the country state legislature submitted bills ranging from the creation of taskforces to address the rising costs of textbooks to requiring universities to make textbook lists available to students before the start of the semester.

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Topic of Textbook Bills Submitted	Year		
	2005	2006	2007
Tax-exemption for course materials	12	13	13
Faculty to select less expensive option and financial incentive when selecting a textbook	5	5	17
Publishers encouraged to unbundle materials	4	7	16
Universities making book-lists available to students and/or competition	4	4	8
Focus on buyback and/or rental programs	2	4	8
Creation of review boards to investigate cost of textbooks	2	6	5
Online book library	N/A	1	N/A
TOTAL	29	40	67

With an increasing number of state level discussion about the issue, in 2007 Congress weighed in on the issue by passing the College Opportunity and Affordability Act of 2007 (an amendment to the Higher Education Opportunity Act of 1965). The amendment to the HEOA aimed to increase transparency at institutions receiving public funding and required publishers to disclose a wide variety of information to professors along with requiring brick and mortar university affiliated campus retailers to publish full book lists along with ISBN numbers to students prior to the start of each semester. It included a provision which forced publishers to provide information related to the amount of information that had been added to the new edition of the textbook along with the price difference in the new edition and the previous edition to professors.

FORMAT TRANSITION

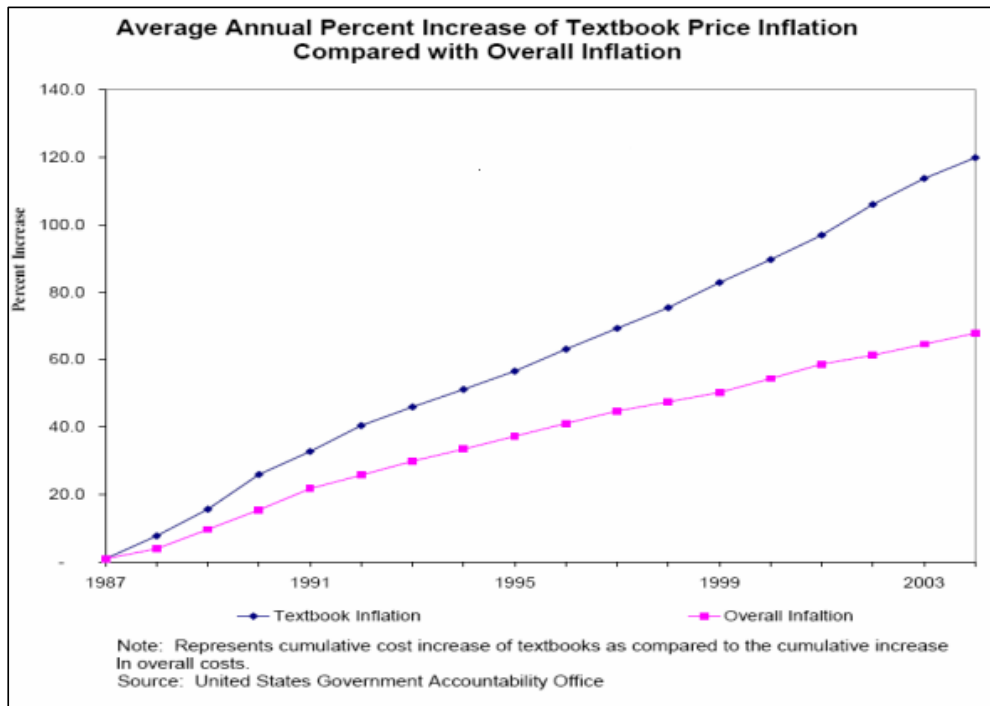
Over the past ten years the textbook market has undergone a radical change. Previously a very fragmented industry, the rise of online suppliers such as Amazon has led to a fight between brick and mortar bookstores (usually university affiliated) and online retailers. With a much larger access to capital, along with lower overhead, online retailers are able to capture economies of scale on a national level, and are often able to offer much lower prices than many traditional campus bookstores. Traditionally the only options students had were new and used versions of the print textbook that they have been assigned, but over the past ten years publishers have begun to offer what appear to be less costly options such as e-books, textbooks for e-readers, and the ability for professors to customize books for their courses, and textbook rentals all have gained popularity due to perceived lower costs.

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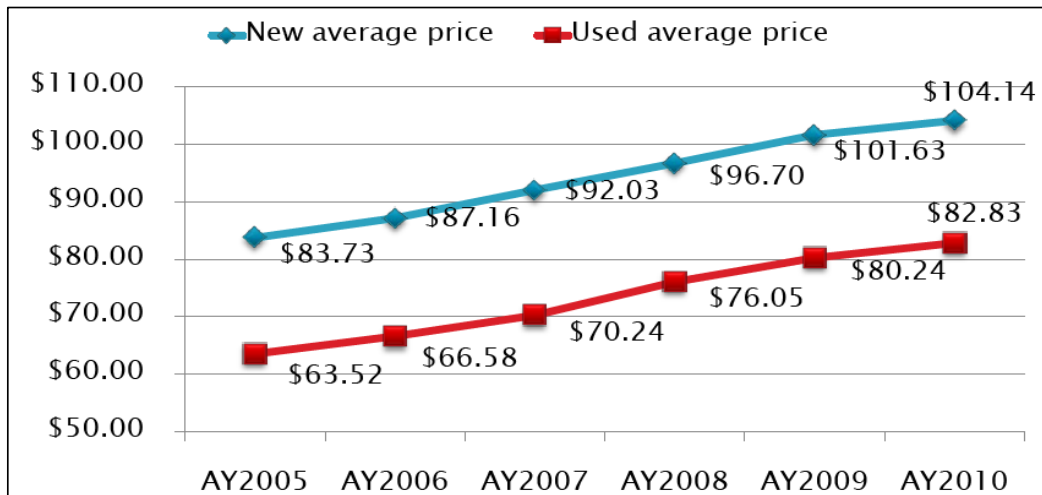
RISE IN PRICE

One of the most pressing issues about the college textbook industry is the rise in price over the past twenty years. Never lower than a four percent increase, textbooks have grown at a higher rate than inflation every year over the past fifteen years. Data collected by the Government Accountability Office shows that the increase far outweighs normal increases in economic goods. This increase is astonishing and is an indicator of far deeper issues with the industry as a whole.



TRADITIONAL OPTIONS

Traditionally we have seen textbooks in solely a print format with the number of purchasing options on each college campus being very limited. Purchasing options were, until recently, limited to the campus bookstore (or other local retailer), buying from another student, or like some students choose to do, going without the required course material. The used textbook market, and sales of textbooks, was limited to on campus

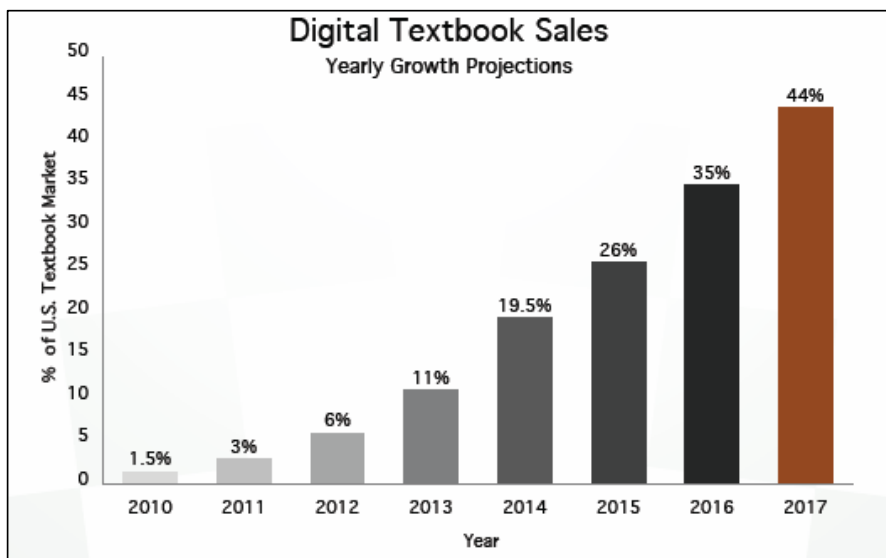


resale, either from student to student or through buyback programs instituted by the local bookstore. Over time, more retailers entered the market creating a unique textbook market on each college campus throughout the United States. As captured by Dr. Rob Reynolds, textbook prices are still on the rise. Even with the introduction of online retailers over the past 5 to 10 years, new and used textbook prices have continued to increase.

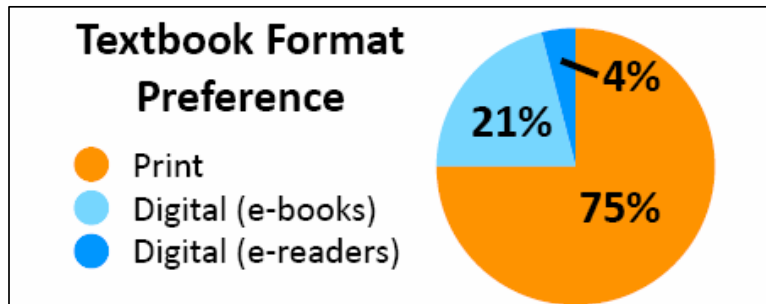
What is most intriguing about price increase is that even with the introduction of Amazon, e-books, and textbook rental programs, the average price still rose between 2005 and 2010. Even used editions, which are often a bastion of hope for students looking to save money, rose significantly from 2005 to 2010.

NEW MARKET, NEW RULES

Digital sales have been on the rise which has caused the textbook market to undergo drastic changes. E-books, and their e-reader counterparts, have become an increasingly popular format. With the introduction of e-readers such as the I-pad, the Kindle, and the Nook, along with apps that allow for students to read e-books on their smart phones, the sales of digital textbooks has been increasing each year. According to the survey by Xplana, digital textbooks should continue to rise in popularity as more and more textbooks become available in a digital format (Xplane).

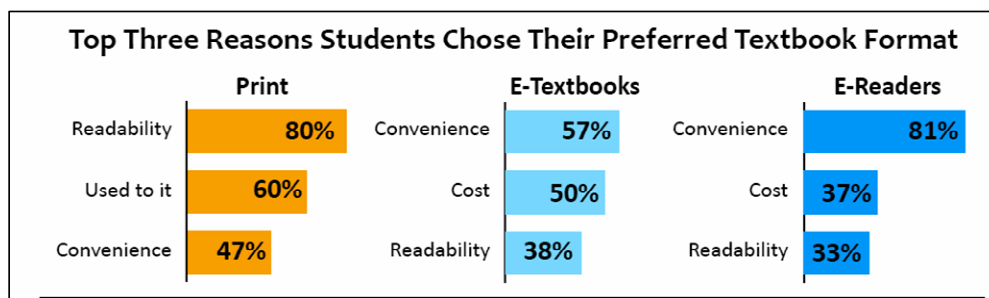


Though at this point in time the numbers are still relatively low in comparison to the total number of textbooks being sold, according to the survey issued by the Student PIRG, 25% of students would prefer books in an electronic format.



So how does the introduction of e-books impact students?

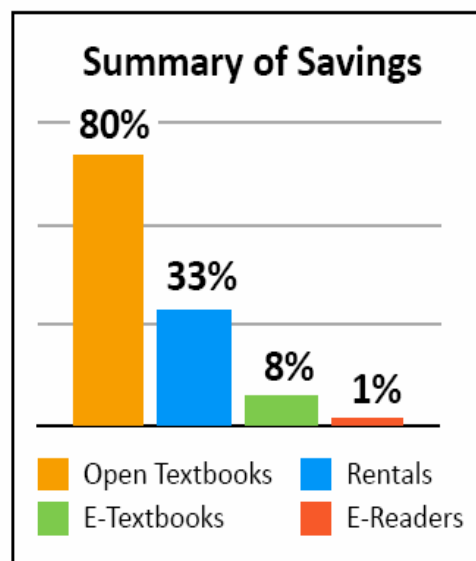
As shown below in a graph students surveyed by the Student PIRG prefer a specific format, cost was the number two reason why a student would select to use an e-book, while convenience was the number one reason. So we can infer that cost may not be the most important factor, but it is a very important one. Students seem to like e-books, but is the cost actually lower?



Yes and no is the simplest answer to the question. As electronic textbooks continue to gain popularity, the price should continue to rise. According to David Kent, the director of the UT Bookstore, “the recent trend has seen e-books priced well below that of their hard copy counterparts, and what we are likely to see is that as e-books continue to gain popularity, and the sale of hard copy books drop, the price of e-books will begin to rise.” According to Mr. Kent, the trend that we are seeing is that e-books are becoming more and more interactive, with integrated live blogs and other study resources, but with these added resources, comes a much higher cost of publishing, and with the increased demand should cause the price to increase once they gain universal acceptance. With the added bonus of convenience, e-books appear to be a lower cost solution with increased learning potential.

But, appearances can be very deceiving.

Cost savings and increased popularity of “lower cost options” are likely to lead to a slight drop in the overall cost of textbooks over the next few years, but this is likely to be a temporary decrease, as the lower cost of e-books will increase to meet the increased demand (Kent). The Student



PIRG found that e-books provide very little savings to students. Traditional e-books, not read on an e-reader, provide cost savings of around 8%, while e-books specifically read on an e-reader save students around 1% (this difference is due to the added fixed cost of

buying an e-reader). But both renting textbooks and using e-books has one glaring problem. The perception is that these textbooks have high potential for savings due to their low costs, but this is only in the short run. Many students are unable to see that in the long run the costs are about the same. E-books and rentals, unlike hard copies of textbooks have no resale value.

BAD MEMORIES

Bad memories often discourage students from even trying to sell their books back. Though many campus textbook retailers (including the UT Bookstore) promise 50% of the retail price when buying back books, they often pay nowhere near 50%. Bookstores offer to pay wholesale price which is a fraction of the cost of the retail value when they reach the quota which based on the previous amount of books ordered and sold. With many courses only being offered in the fall or spring semester, the quota is set at zero which forces students to either wait until the next year (which with the frequency of new editions can be a dangerous game), or choose to receive only the whole sale cost.

Knowing this, many students who I talked to would rather pay more upfront due to the fear of not recouping costs in the end.

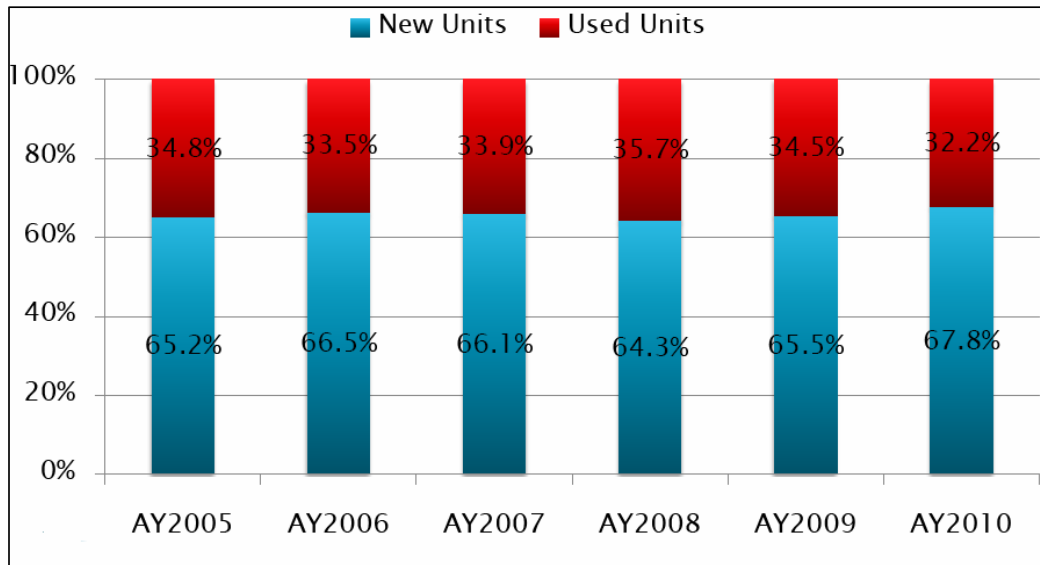
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CUSTOM EDITIONS, BUNDLES, AND NEW EDITIONS

Custom editions, bundles, and new editions of current textbooks all have one thing in common: they undercut the used textbook market. One would think that as textbooks



are used more and more that the used market would increase significantly, but what we see is that the used market actually decreased over the period of time from 2005 to 2010. Albeit a very small decrease, the number of units in circulation along with the rise of online student to student textbook marketplaces should have lead to a larger amount of textbooks purchased used instead of new.

It is very much in the publisher's best interest to undercut the used textbook market as much as possible. Eliminating used textbooks leads to higher sales of new textbooks. Publishers gain no profit from any sales in the used book market. By employing tactics such as pushing new editions through the publication process, encouraging professors

to use custom textbooks, and bundling materials together, publishers ensure that the used textbook market is kept at bay and the price of textbooks remains high.

Custom Textbooks

According to the Wall Street Journal, “The custom-textbook business has become the fastest-growing segment of the \$3.5 billion market for U.S. new college texts, comprising 12% of sales for 2006, the latest year for which data is available” (Hechinger 2008). When I spoke with business law professor Vicki Mayfield, who uses a custom textbook for her course, she was unaware of the high cost of the custom textbook. Though the textbook can be tailored to specific classroom needs by eliminating chapters that are not being taught, there are no other differences from the unabridged version. Custom texts eliminate sell back value, limit retailers to local and on campus bookstores, and force students to consistently pay a much higher price because used copies of the unabridged version are very limited and custom editions are only sold on the specific campus. Professors put students in an uncomfortable position when they put the option out there to purchase the unabridged version instead of the custom text. If professors allow this as an option (which many do) then they should just use the unabridged version instead of a custom text.

Another issue is the issue of royalties that schools may receive from assigning custom editions of textbooks. An excerpt from the Wall Street Journal describes this scenario perfectly.

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“The University of Alabama, for instance, requires freshman composition students at its main campus to buy a \$59.35 writing textbook titled "A Writer's Reference," by Diana Hacker.

The spiral-bound book is nearly identical to the same "A Writer's Reference" that goes for \$30 in the used-book market and costs about \$54 new. The only difference in the Alabama version: a 32-page section describing the school's writing program -- which is available for free on the university's Web site. This version also has the University of Alabama's name printed across the top of the front cover, and a notice on the back that reads: "This book may not be bought or sold used."

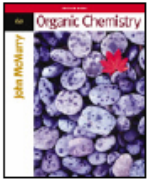
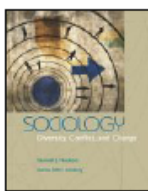
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This creates a unique conflict of interest that, by some, may be viewed as unethical. The number of courses at the University of Tennessee which use custom editions is astonishing. Many general education course which are the most heavily populated courses use custom texts. Courses such as Psychology 110, Math 123, Math 125, Math 141, English 101, English 102, Accounting 201, and many other courses all use custom texts.

Bundles

Like custom editions, bundles are another way publishers take advantage of students. By combining supplementary resources with textbooks, publishers are able to charge a higher price. Sometimes the price increase is more than 50% (Student PIRG 2006). Publishers push bundled textbooks packages because it allows them to add to the cost, but to also eliminate the resale value. At the University of Tennessee many books that are bundled are not allowed to be

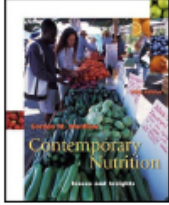
The High Cost of Bundling	
	Textbook: <i>Organic Chemistry</i> , 6 th Edition (2004) Publisher: Thomson Learning Cost Bundled: \$223.75 Cost Unbundled: \$152 Increase in price: 47.2%
	Textbook: <i>Sociology: Diversity, Conflict, and Change</i> (2005) Publisher: McGraw Hill Cost Bundled: \$89.30 Cost Unbundled: \$71.35 Increase in price: 25.2%

sold back at the end of the semester. So not only does this allow publishers to charge a higher price, but it also allows them to completely eliminate the used book market. According to the survey done by the Student PIRG, a majority of students found that they didn't even use the supplementary materials that were included in the bundle.

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NEW EDITIONS

The first question that arises related to new editions of current textbooks is what is the difference in the material from the previous edition? With the new laws in place, publishers are now required to inform professors about major changes in the editions,

The Higher Cost of New Editions	
	Textbook: <i>Macroeconomics</i> , 6 th Edition, 2005 Publisher: Houghton Mifflin Cost: \$97.25 Cost of 5th Edition (2002): \$80.25 Increase in price: 21.2% Inflation rate (2002-2004): 5%
	Textbook: <i>Contemporary Nutrition</i> , 5 th Edition (2003) Publisher: McGraw Hill Cost: \$77.75 Cost of 4th Edition (2000): \$65 Increase in price: 19.6% Inflation rate (2000-2003): 6.8%

but as we look back over the past ten years, we seeing a shocking trend. New editions of textbooks cost the student an average of 12% more on average, and they are released about every three years (Student PIRG 2004).

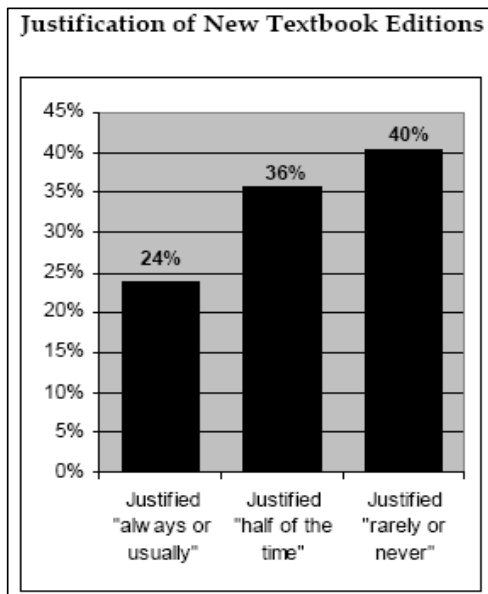
With this said, based on the two books which were chosen by the Student PIRG for their survey,

Macroeconomics and Contemporary Nutrition, the first being in its 6th edition in 2005 and the latter being in its 5th edition in 2003, are perfect examples of how quickly new editions come out. Macroeconomics is now in its 9th edition while Contemporary Nutrition is in its 8th edition. The new price is also staggering. Macroeconomics now costs \$150 while Contemporary Nutrition now costs \$135. This is almost a 50% increase for Macroeconomics in 7 years while the price for Contemporary Nutrition has almost doubled in eight years¹.

¹ Prices for Macroeconomics (2002) and Contemporary Nutrition (2003) were taken from a selection of bookstores surveyed by the StudentPIRG. Current prices were taken directly from Amazon.com

With this said, the question still remains, does material actually change from edition to edition?

In a survey done by the Student Public Interest Research Group, they posed the



question to professors around the country of "how justified is a new edition?"

The survey found that majority of professors only thought a new edition was justified half the time. While almost half thought that a new edition was rarely or never justified. New editions often contain very little new material (Student PIRG 2004), and even with the new material that is added is a price increase of 12% warranted?

Looking at a sampling of textbooks and the frequency of their editions can give an idea of how flawed the system actually is.

Frequency of Textbook Edition Updates

TITLE*	AUTHOR*	INITIAL PUBLICATION	SUBJECT AREA	NUMBER OF EDITIONS	AVERAGE NUMBER OF YEARS BETWEEN EDITIONS
<i>Beginning Algebra with Applications</i>	Aufmann/Barker/ Lockwood	1986	Mathematics	7	3.7
<i>Calculus</i>	Stewart	1987	Mathematics	6	4.2
<i>Chemical Principles: The Quest for Insight</i>	Atkins/Jones	1999	Chemistry	4	3.0
<i>Communication in Our Lives</i>	Wood	1997	Communications	5	2.8
<i>Cosmos: Astronomy in a New Millennium</i>	Pasachoff/ Filippenko	2001	Astronomy	3	3.0
<i>Critical Thinking</i>	Moore/Parker	1986	Philosophy	9	2.9
<i>Finite Mathematics</i>	Rolf	1988	Mathematics	7	3.3
<i>Finite Mathematics and Applied Calculus</i>	Berresford/ Rockett	1999	Mathematics	2	6.0
<i>General Chemistry: Principles and Modern Applications</i>	Petrucci/Harwood/ Herring/Madura	1972	Chemistry	9	4.4
<i>Human Physiology: From Cells to Systems</i>	Sherwood	1989	Neurobiology, Physiology, and Human Behavior	6	3.6

The table above lists many classes which are subjects that have had very little changes over the past twenty years. The lowest number of years for a new edition is 2.8 years and this was for a chemistry book. Though some new editions are justified, it would appear that the new edition is unwarranted in many cases. Biology, chemistry, and calculus, to name a few, are all subjects which have had very little change over the past ten to twenty years.²

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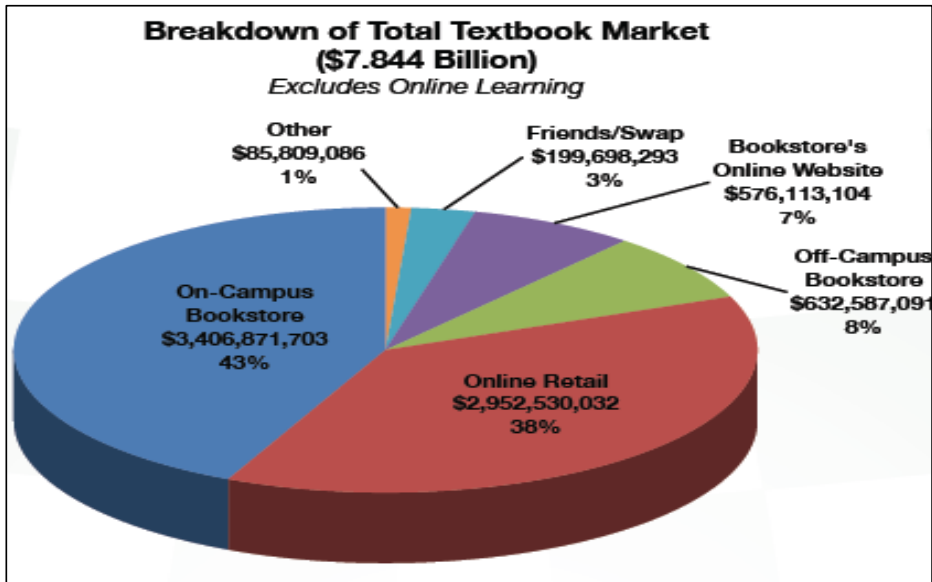
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² This graph was taken from a larger graph put together by California State Auditor. The publications dates were used and then compared to the number of editions that had been published for each book.

WHERE DOES THE MONEY GO?

MARKET BREAKDOWN

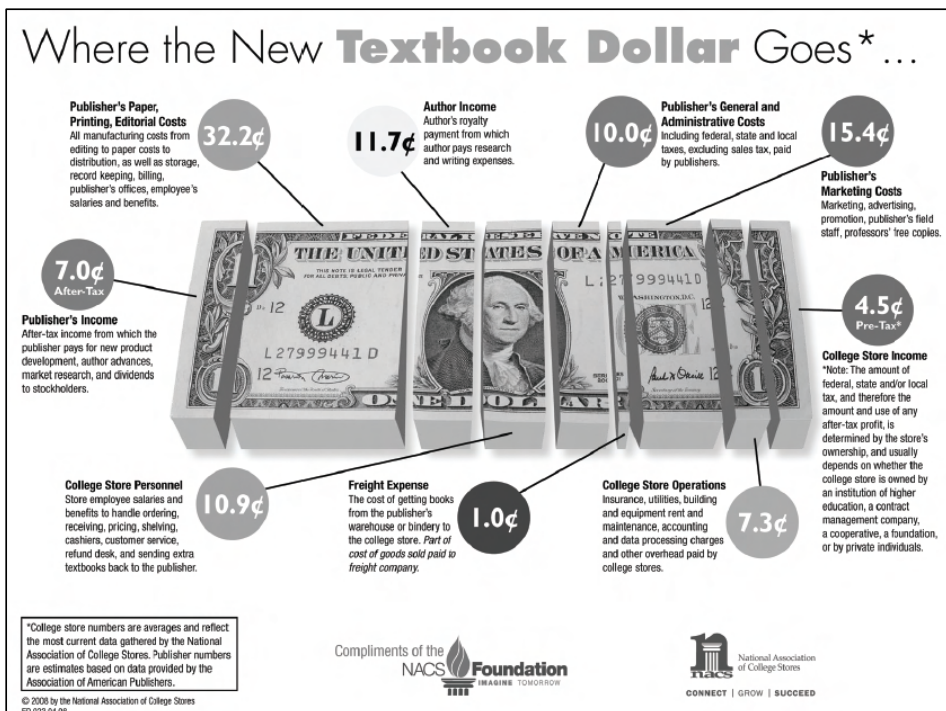


The textbook market is an eight billion dollar a year market. As of 2010, campus retailers still maintained the largest chunk of profits, while online retailers maintained the second largest chunk. A common misconception among students is where the money is actually going.

With so much money floating around in this industry, a common question is who is reaping the profits.

Dollar for Dollar

One of the best ways to look at where the money spent on textbooks is actually going is to look at a breakdown of each dollar. Research published by the National Association of College Stores shows how each dollar of sales is broken down. 64.6% of each dollar goes directly to the publisher while 22.7% goes directly to the college store/retailer (with only 4.5% of that being transferred to the bottom line). With this said, many online retailers have much more room to cut prices. They do not have to deal with freight expenses, and the other expenses which normally bring the price of raise the price at traditional retailers are distributed through the large scope of their operations.



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Students may feel as if they are being ripped off by an on campus retailer like the UT Bookstores, what we see is that very little profit is made due to the high fixed costs of operating a bookstore.

At UT, the campus bookstore must order books for every single class, even if they had sold no books for that class the previous semester. This along with a pricing model that does not consider online prices leads students to vilify the bookstore.

But what can the bookstore do?

The rigid system affords them very little “wobble room” on prices so like publishers; it is in their best interest to encourage bundles and custom editions because they become the sole avenue of purchasing.

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ALTERNATIVES AND RECOMMENDATIONS

THE ISSUE IS THAT IT IS NOT AN ISSUE

One of the main reasons that textbooks prices continue to remain high and that alternatives continue to be overlooked is that the high costs which textbooks impose on students is not an issue to the universities (all across the board).

WHY CHANGE STARTS FROM THE TOP

The issue is very multi faceted so it is very difficult to nail down one solution that fixes the rising costs of textbooks. There are a myriad of options that can address the problem, but there are only a small number of options that fix the problem (similar to addressing the symptoms of a disease, but never really addressing the disease itself).

With the growing popularity of e-books, the market may be facing a drastic change. If the market is heading in this direction the costs are only going to continue to rise. As previously stated, e-books have no sell back value, and present a higher cost to students. This eliminates the used book market allowing students to have no ability for cost recovery. With this potential problem on the horizon, now is the time to look at the options which will cut the costs for students.

The issue of high textbook prices needs to be addressed first at the university level, then at the state level and finally at the national level.

OPEN EDUCATION RESOURCES

Open Education Resources (OER's) are a long term sustainable solution which would provide immediate relief to students. OER's allow students to access digital content online at no charge. These textbooks have open copyrights that allow students free usage. While they have a free online digital version, students may purchase print, e-book (downloaded versions for e-readers), and color or black and white versions of the digital material (as seen in the column labeled digital/print in the chart below, because users have access to the digital material, they may also print selections from their personal computer, this cost has been factored in so that there is some comparison for students who choose not to order the entire book, but instead choose to print portions themselves). Even ordering the print version of the book is significantly cheaper than a normal textbook, used or new.

Open Textbook Prices				
Textbook	Color Print	B&W Print	Digital/Print	Digital Only
Principles of Economics	\$ 79.95	\$ 49.95	\$ 32.99	\$ 0.00
Financial Accounting	\$ 59.95	\$ 29.95	\$ 28.93	\$ 0.00
Business Communication	\$ 59.95	\$ 29.95	\$ 28.58	\$ 0.00
Principles of Marketing	\$ 59.95	\$ 29.95	\$ 27.96	\$ 0.00
Information Systems	\$ 59.95	\$ 29.95	\$ 27.87	\$ 0.00
Linear Algebra		\$ 34.85	\$ 6.46	\$ 0.00
Statistics		\$ 35.41	\$ 5.64	\$ 0.00
Calculus		\$ 51.60	\$ 4.21	\$ 0.00
College Algebra		\$ 28.97	\$ 5.47	\$ 0.00
Physics		\$ 36.43	\$ 5.56	\$ 0.00
Average	\$ 63.95	\$ 35.70	\$ 17.37	\$ 0.00

WHY OER'S AREN'T GAINING TRACTION?

Ultimately the issue boils down to two main points:

1. As previously stated, low cost textbooks are not a priority of the administration, the faculty, or the students.

Let's start with the students.

Though they are very concerned about the high prices which they are paying, they view this as being a temporary problem. As most students will be in school for only three to five years they just suffer through the high costs and then once they graduate it is no longer "their" problem.

The faculty/professors are an entirely different story. It is easy for them to point the finger at the retailers and the publishers, but like the saying goes, "when you point a finger at someone there are three fingers pointing back at you." Professors are quick to lay blame on others, but let us not forget that the professors make the textbook selection. When it comes to Open Education Resources professors do not want to take the time to evaluate a new textbook for their course: this is the heart of the issue. Professors feel that the problem is the publisher, or the bookstores, when really they themselves are the ones who need to be looking in to the lowest cost options for their students. They need to be evaluating old editions of their current books, looking in to Open Education Resources, and talking with students about how the current textbook is

affecting their learning needs. Many prestigious institutions have already begun evaluating this method.

Colleges That Have OCW/OER Initiatives in Place

Name of University	Name of OCW
California State University	MERLOT
Carnegie Mellon University	OpenLearningInitiative
Columbia University	Columbia Interactive
Indiana University	Open.IU (in process)
Johns Hopkins University	JHSPH OCW
MIT	MITOpenCourseWare
The Open University (UK)	OpenLearn
Rice University	Connexions
Stanford University	Open Stanford on iTunes U
Tufts University	Tufts OpenCourseWare
University of Massachusetts, Boston	UMassBoston OpenCourseWare
UC Berkeley	Webcast.Berkeley
UC Irvine	UC Irvine OpenCourseWare
The University of Michigan	Open.Michigan
The University of Notre Dame	Notre Dame OCW
The University of Utah	UofU OCW
The University of Washington	UW OnlineLearning
Utah State University	Utah State OpenCourseWare
Yale University	Open Yale

One professor I talked with said that because OER's do not come with a "stamp of approval" like she feels a book from a publisher comes with she is very hesitant to even evaluate the material, and on top of that the time it would take to evaluate new material for her course it not worth her time.

There are a plethora of options vetted and backed by many prestigious universities. The issue comes down to the time and energy that many professors would have to spend has no reward. The professors have very little incentive to look in to less expensive options. Universities need to find ways to encourage professors to evaluate less expensive options.

TEXTBOOK RENTAL SYSTEM

Unlike a traditional rental system where students rent individual books each semester, a possible solution would be for students to pay a fee each semester and “rent” all of their books from the universities’ book store. Appalachian State, a school with similar size to the University of Tennessee employs a program like this. Each semester they charge students a \$105 fee which allows them to rent one book per class.

This would require faculty to select and use a book for four semesters allowing the cost of the books to be amortized over the course of the four semesters. It would also allow the campus bookstore to corner the entire market and achieve some economies of scale.

ESTABLISHING PARTNERSHIPS WITH PUBLISHERS

Indiana University’s pilot program allows students to purchase e-textbooks from publishers at well below costs. Though they are not actually purchasing them, they are purchasing access to the e-books for the entirety of the semester. With partnerships with major publishers such as McGraw Hill and Harvard Business Publishing, Indiana

University now offers course material at close a 65% discount off of retail price. The pilot program has been very successful, and has begun to be copied at major universities around the country.

CONCLUSION

There are options!

Schools across the country have taken the charge and if UT would like to see itself as a school on the forefront of something major, this issue needs to become a priority.

The three options are flexible and can easily be combined to create a program tailored specifically to any college campus.

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In an effort to gather as much data about the current situation as possible I evaluated multiple reports done by both public and governmental groups. These reports aimed to address and identify the problems plaguing the textbook industry that cause prices to be so high. Along with surveying students across the nation on their textbook preferences and costs, the reports evaluated solutions that could possibly drive down the high costs of textbooks. Along with these reports, I consulted multiple news articles and commentaries about the state of the textbook industry.

REPORTS:

A COVER TO COVER SOLUTION STUDENT PUBLIC INTEREST RESEARCH GROUP – SEPTEMBER 2010

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Student PIRGs is an independent statewide student organization that works on issues like environmental protection, consumer protection, and hunger and homelessness (Student PIRG Website). With chapters in over forty states and investigation into issues ranging from homelessness to affordable higher education, the student PIRG has done research on a variety of topics. In the fall of 2010, the Student PIRG published a report detailing their findings about textbook costs and affordability. The information compiled was gathered from universities all over the country including the University of Oregon, the University of Washington, and the University of California at San Diego. The report evaluated textbooks costs per semester, costs of different formats, the effect of being able to buy books from online retailers such as Amazon, along with in depth information on the current tactics of publishers and the rise of the use of e-books. The main recommendation of the Student PIRG as stated in their report was the use of Open

Education Resources (OER's). According to the Student PIRG, OER's would significantly drive the price down and create a long term sustainable solution for the high costs of textbooks.

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COLLEGE TEXTBOOKS GOVERNMENT ACCOUNTABILITY OFFICE – JULY 2005

A report prepared in response to the passage of the College Opportunity and Affordability Act of 2007. The Government Accountability Office (GAO) was tasked with looking at recent trends in the college textbook industry. Among their findings, were statistics related to the high costs of textbooks. The GAO estimated that textbooks have been rising at a rate almost double the rate of inflation for the past ten to fifteen years (see graph on page 10). They also estimated that textbooks average around twenty percent the total cost of tuition each year at four years schools (the statistic is even worse for two year institutions where the cost is close to seventy percent the cost of tuition).

TURN THE PAGE: MAKING COLLEGE TEXTBOOKS MORE AFFORDABLE ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE – MAY 2007

TEXTBOOK PRICING DISPARITIES OFFICE OF THE NEW YORK STATE COMPTROLLER – DECEMBER 2008

A study done by the New York State office of the comptroller, this report looks at the effects of textbooks on students at many different universities around the state of New York. It expands upon the research done by the Government Accountability Office, [and looks for applicable solutions for students in the state of New York. It further reinforces the view that high textbook prices is an issue that is plaguing students all over the country.](#)

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H.R. 4137 – COLLEGE OPPORTUNITY AND AFFORDABILITY ACT OF 2007 AMENDMENT TO THE HIGHER EDUCATION OPPORTUNITY ACT OF 1965

An attempt by Congress to address the rising costs of higher education, the amendment to the HEOA set in place new rules that required publishers to be more open with professors and students.

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DIGITAL TEXTBOOKS REACHING THE TIPPING POINT IN U.S. HIGHER EDUCATION

DR. ROB REYNOLDS XPLANA RESEARCH GROUP – MARCH 2011

A look at how the rise of digital textbooks will affect the textbook industry over the next ten years. Dr. Bob Reynolds, formerly an employee of McGraw-Hill along with a long standing teaching career in Texas, puts forth his knowledge of the textbook industry to paint a picture of what the industry will look like over the next ten to fifteen years.

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ARTICLES CONSULTED:

College Graduates' Debt Burden Grew, Yet Again, in 2010
New York Times

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A look at the rising costs of attending college. The report shows that many students are struggling to afford college. Textbooks being a part of this cost, only contribute to the burden of debt that many students have after they graduate college.

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Harvard Crimson¶

As Textbooks Go Custom, Students Pay
Wall Street Journal

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In this article, the Wall Street Journal evaluates the custom textbook market and the many practices that cause some to view it as unethical. Custom textbooks are just one of many tactic that publishers use to help keep the price of textbooks high.

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Pubtrack: Higher Education¶

