

May 2011

*Update to the 2006 Report on
Textbook Purchasing Practices
and Costs in the Commonwealth*



State Council of Higher Education for Virginia

Advancing Virginia through Higher Education

Update to the 2006 Report on Textbook Purchasing Practices and Costs in the Commonwealth

Requested by: Laura Fornash, Deputy Secretary of Education

Submitted by: Kirsten Nelson, Director of Communications and Government Relations for the State Council of Higher Education for Virginia (SCHEV)

Date: May 6, 2011

Background

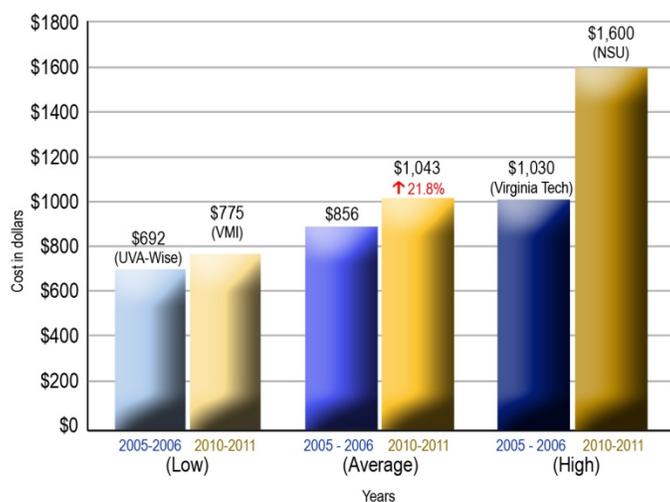
In 2005, the General Assembly passed HJ668 which called for a textbook study with three major components: a student survey regarding the costs of textbooks; a review of textbook purchasing policies; and a review of the laws and initiatives that have been implemented to reduce the financial burden of textbook costs to students and their families. SCHEV submitted the Report on Textbook Purchasing Practices and Costs in the Commonwealth to the General Assembly in January of 2006. What follows is an update to that report.

Cost to Students

The time frame in which SCHEV was asked to produce this update did not allow for an updated student survey. However, there is a reliable indicator of textbook costs among the data that SCHEV collects annually. Each year SCHEV surveys the financial aid officers at the public institutions regarding the cost of education. One of the categories in this survey is the average estimated cost of supplies and textbooks.

The average estimated price of supplies and textbooks at Virginia's public 4-year institutions of higher education has risen by 21.8% in the past 6 years, according to SCHEV's annual survey of financial aid officers. The average estimated cost of supplies and textbooks at the community colleges has increased by 21.7% in the past 6 years.

Graph 1.1 - Cost of Textbooks



In terms of dollars and cents, during the 2005-06 school year, the average estimated cost of supplies and textbooks at the 4-year public institutions was \$856, with a high of \$1,030 at Virginia Tech and a low of \$692 at University of Virginia-Wise (UVA –Wise). During the 2010-11 school year, the average estimated cost of supplies and textbooks at all 4-year public institutions was \$1,043, with a high of \$1,600 at Norfolk State University (NSU) and a low of \$775 at Virginia Military Institute (VMI).

Textbook Purchasing Policies

To determine textbook purchasing policies for the 2006 Report, SCHEV conducted a survey of bookstore managers and convened a meeting of relevant stakeholders, including representatives from the student advocacy group VA21, SCHEV's Student Advisory Committee, the National Association of College Stores, Barnes and Noble College Bookstores, the Association of American Publishers, the Faculty Senate of Virginia, and the Virginia Community College System. As a result of that research, the 2006 Report included a number of recommendations. For this update, SCHEV conducted a survey of campus bookstores at the public 4-year institutions regarding those recommendations that were in the direct control of store management. What SCHEV found was overwhelming compliance with the 2006 recommendations.

The first recommendation from the 2006 Report recognizes the importance of “a thriving used textbook market as the key to mitigating the cost of textbooks for students.” The Report recommends that all institutions seek to adopt industry standards citing a Government Accountability report stating that, “used books are priced at a rate that is 75 percent, or lower, of the new price of the same book.” All fifteen public 4-year institutions follow this pricing model. Jon Kates, who is in charge of textbook purchasing at the University of Virginia (UVA) Bookstore, is one of several managers who negotiate with vendors to reduce prices even further than the 75% industry standard when possible.

The second recommendation in the 2006 Report urges bookstore managers to, “continuously encourage faculty throughout the year to order textbooks as early as possible, typically at least 10 to 12 weeks prior to the start of the semester.” Ron Casey, Textbook Manager for the bookstore at VMI, offered this explanation: “The sooner we can get the book orders, the sooner we can get used and rental books on the shelves which saves students money. If the orders come in late, often we have no choice but to go through the publishers for new books.” All fifteen 4-year public institutions comply with this recommendation in varying degrees and with varying success. UVA offers an incentive program whereby departments are given a financial stipend if they get their orders in by deadline and a bonus if they can do it two semesters in a row. However, even with programs such as the one at UVA, most managers voiced some level of frustration regarding faculty tardiness with textbook ordering deadlines.

The third recommendation from the 2006 Report stems from student and faculty concern regarding the bundling of materials. Bundling is the practice among publishers of adding supplemental materials to textbooks, which raises the price of the textbook. Bookstores were

urged to “follow the example of the current practice of a few, which is to offer some books unbundled so that students have a choice in buying the textbook only.” In SCHEV’s recent survey all but one bookstore offers textbooks that are not part of a bundle. At the Norfolk State University (NSU) Bookstore the ordering of bundled materials is left to the discretion of the instructors.

The fourth recommendation in the 2006 Report is based on findings from The National Association of College Stores which found that “textbook rental programs could save students as much as 50% of the cost of course materials per semester.” Despite this finding there was a great deal of resistance on the part of college bookstores to adopt rental programs due to the logistics involved. That attitude has changed dramatically in the past six years with all 15 institutions reporting some type of rental program. UVA was one of the first institutions in the country to offer textbook rentals.

The last recommendation from the 2006 Report relevant to this update is the use of digital textbook subscriptions. Eleven of the 15 bookstores surveyed do offer either digital textbook subscriptions or digital textbooks.

Textbook Legislation

The Higher Education Opportunity Act (HEOA), which took effect in July of 2009, includes a Textbook Provision designed to decrease costs and increase transparency with regard to course materials. To that end, all institutions of higher education receiving federal financial assistance must disclose certain information. Institutions must provide students with the International Standard Book Number (ISBN) and retail price information of required textbooks for each course via the school website. Colleges and universities are also encouraged to supply information regarding rental programs, buy-back programs, and other cost-saving strategies. The Provision also requires publishers to supply unbundled materials. The Textbook Provision does not explain how it is to be enforced. This question may be addressed in a required review by the Comptroller General to be completed no later than July 1, 2013.

Trends

There are two major trends in the way students buy textbooks: online ordering and the outsourcing of bookstore functions.

According to the 2006 student survey, 77% of students purchased their course materials at the campus bookstore, 8% used off-campus establishments, and 15% purchased their books online.” While SCHEV was unable to survey students for this update, the general consensus among bookstore managers and student organizations, such as VA21, is that online textbook purchasing is now the norm, accounting for at least 50% of textbook purchases. Online purchasing includes books that are purchased through campus bookstore websites or on websites such as Amazon.com and Craigslist. This summer Christopher Newport University

(CNU) will join a handful of institutions in the United States that offer textbook ordering *exclusively* online. There will no longer be a brick and mortar store where CNU students can go to buy textbooks.

The other major trend in textbook purchasing is the outsourcing of textbook sales to vendors such as Barnes and Noble and Follett. This transition was well underway in 2006 when only five bookstores were still run by public 4-year institutions in Virginia. That number is now only four and includes University of Mary Washington, UVA, UVA- Wise, and Virginia Tech.

Innovation

In the fall of 2010 Virginia State University's (VSU) Reginald F. Lewis School of Business partnered with Flat World Knowledge to provide open source textbooks to students in several core business courses. The open source format allows users who purchase \$20 licenses to download digital copies of textbooks and study guides at a significant savings. VSU paid the licensure costs for the first year of the pilot program. It was hoped the initiative would not only save students money but provide them with greater access to course materials and greater academic success.

"Before the pilot program, our research indicated that close to 53% of students did not purchase textbooks," said Dr. Mirta Martin, Dean and Professor of Management at the School of Business. "After the introduction of open source textbooks, more than 95% of students in those nine courses have actively registered their seat licenses."

Less than a year into the experiment, VSU's initial assessment indicates double digit retention rates in the nine pilot courses. All told, in the fall semester, 507 students registered 671 Flat World Knowledge seat licenses for a total savings of \$67,000.

Implementation of the Open Source Textbook program has not been without its challenges. Dr. Martin says that most public institutions have sole-source contracts that last up to ten years. VSU was only two years into a sole-source contract when it implemented its Open Source Textbook program. This created great concern regarding procurement policies and a possible breach of contract lawsuit. Ultimately an exception was made to the sole source contract, but that exception only applies to the School of Business.

Conclusion

Despite universal implementation of the recommendations from the 2006 Report and the 2008 Textbook Provision of the HEOA, the estimated cost of supplies and textbooks in Virginia has risen by more than 20% in the past six years. This update points to several areas where additional research may prove useful in slowing the increase of textbook costs. Minimally this research should address the following questions: what role has outsourcing played in textbook affordability, how have publishers' profit margins changed in recent years, and how is the Commonwealth positioning institutions of higher education for technological advances in regard to procurement policies?