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Reducing Textbook Costs



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About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency also serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding up to \$150 million in need-based grants to Minnesota residents attending eligible colleges, universities and career schools in Minnesota. The agency oversees other state scholarship programs, tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

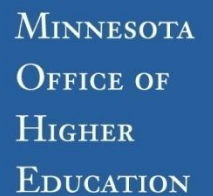
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Table of Contents

Table of Contents	1
Reducing Textbook Costs	2
Minnesota Situation Analysis	3
Postsecondary Institution and Bookstore Operator Efforts	4
Availability of Cost-Saving Programs.....	5
Availability of Cost-Savings Textbook Formats	6
Student Actions and Strategies	7
Summary and Recommendations	9

Reducing Textbook Costs

The purpose of this report is to inform the Minnesota Legislature and the public about efforts being made by publishers and bookstore operators to help students contain textbook costs. Publishers and campus bookstores are making substantial efforts to provide information to faculty and students. Faculty who place textbook orders early and who make themselves aware of options that may reduce costs for students help control costs. Students who take an active role in advocating with faculty and bookstores for more textbook options and students who take time to shop for textbooks may be able to reduce their costs.

The Minnesota Office of Higher Education has a legislative mandate to produce a report on student information about textbook costs and monitor the implementation of federal textbook legislation on disclosure of textbook pricing and other information to students that is included in the Higher Education Opportunity Act Public Law 110-315. Specifically, the Minnesota State Legislature, as stated in *Laws of Minnesota 2010*, Chapter 364, Section 36, wants to know if Minnesota students are receiving information required or encouraged to be disclosed to students under the federal act and to offer recommendations, if any, for further legislation.

2008 Federal Act

The federal legislation, enacted in August 2008, was intended to increase transparency and disclosure to give students information to help them find affordable course materials. Specifically, the law's intent was to "encourage all of the involved parties, including faculty, students, administrators, institutions of higher education, bookstores, distributors, and publishers, to work together to identify ways to decrease the cost of college textbooks" (Higher Education Opportunity Act of 2008, Public Law 110-315, Section 133).

The measures included in the federal law, as it relates to publishers, include the provision of the following information. Publishers are to:

- Provide the prices at which the publisher would make the textbook available to the bookstore and to the public.
- Provide the copyright dates of the three previous editions of such college textbooks, if any.
- Provide a description of the substantial content revisions made between the current edition of the college textbook and the previous edition, if any.
- Provide information as to whether the college textbook or supplemental material is available in any other format, such as electronic or paperback, and the price at which it is available to the bookstore and the public.
- Provide supplemental material, such as CD-ROMS and study guides, unbundled from the textbook.
- Provide information with respect to the development and provision of custom textbooks.

The measures included in the federal law, as it relates to educational institutions, include the provision of the following information. Institutions are to:

- Provide the ISBN (universal identifying number for the book) and retail price (or if not available, author, title, publisher, and copyright date) of textbooks on the Internet course schedule so they can

be used for preregistration and registration purposes. If not practical, the phrase ‘to be determined’ may be listed on the course schedule in lieu of the above information.

- Provide a notice on written course schedules that textbook information is available on the Internet course schedule.
- Provide to the bookstore the course schedule for the upcoming term, the number of students enrolled, and the maximum student enrollment for each course.
- Institutions are encouraged to provide additional information regarding rental programs, used book programs, guaranteed textbook buyback programs, or other cost-savings strategies.

Minnesota Situation Analysis

The Office of Higher Education gathered input from publishing companies, college bookstores and students to identify new strategies being undertaken to contain textbook costs.

Publishing Company Compliance

The Office of Higher Education worked with the Association of American Publishers to gain information about how publishers have taken steps to comply with the Higher Education Opportunity Act. Through this effort, the Office reached five major textbook publishing companies which represent 90 percent of the textbook market. The remaining 10 percent of the market consists of thousands of small publishers, some of which have only one or two books that are self-published.

All respondents reported having net and wholesale textbook pricing available to instructors, students, and the general public on their company website and/or the title pages of the online textbooks. Further, all publisher respondents reported they provide copyright dates for the three previous editions of textbooks, if there are any. This was reported to be available online as well as on the title page of the current edition.

All of the surveyed publishers reported their companies provide information about substantial content revisions between the current edition of the college textbook and previous editions. The majority of publishers reported this information is available online and in the preface of the new editions. Further, all of the publishers reported they have accessible options on their websites for instructors to custom design their textbooks. Custom textbooks, where instructors pick which portions of a textbook to include, are often cheaper than standard versions of textbooks.

‘Bundling’ is a common practice where supplemental material, such as CD-ROMS and study guides, are packaged with a textbook and must be purchased together. However, in compliance with the Higher Education Opportunity Act, all of the surveyed publishers reported their companies offer supplemental material unbundled from textbooks. Since the federal law exempts integrated textbooks from the unbundling requirement, many companies conducted an internal audit to determine which of their products fall into this category. Integrated textbooks are defined as textbooks containing one or more components the publisher obtained from a third party under terms of a contract that prohibit the publisher from selling it separately, or products in which the content of the textbook and the other component is so interrelated it cannot be used effectively if separated. Thus, publishers are offering unbundled options for all products that fall outside the definition of integrated textbooks.

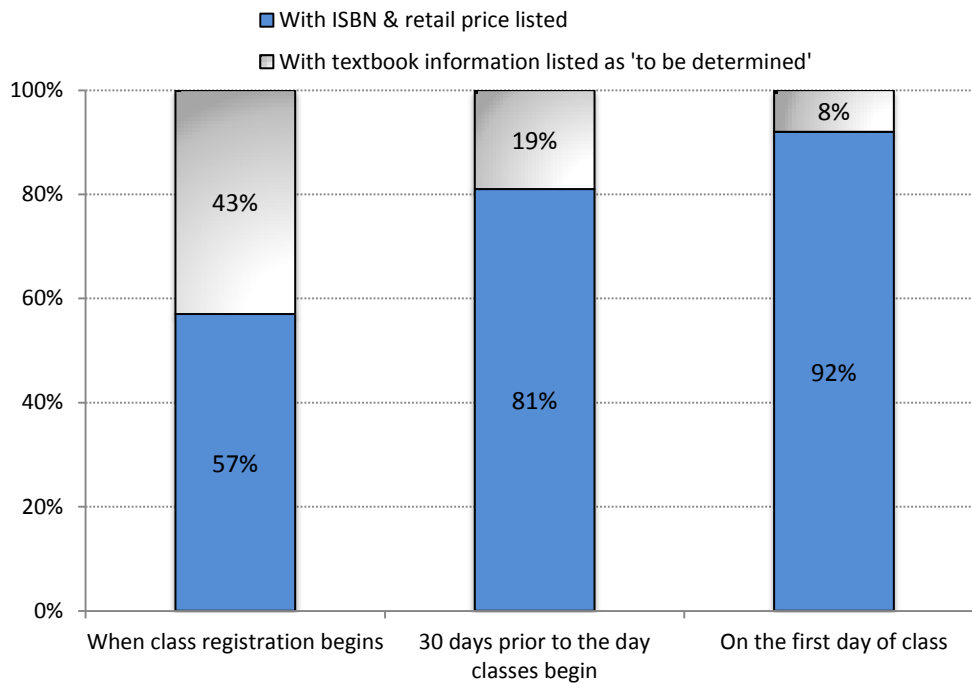
Finally, two publishers reported efforts to internally educate their textbook sales staff on Higher Education Opportunity Act requirements. This was done through internal documents and internal “HEOA Frequently Asked Questions” web pages.

Postsecondary Institution and Bookstore Operator Efforts

In order to find out what efforts institutions and bookstore operators have put forth to provide students with access to cost-saving information, the Office of Higher Education surveyed bookstore operators across the state. Sixty-two percent responded.

Of those surveyed, 80 percent reported including a notice alerting students to the availability of textbook information online. Ninety percent of respondents reported their institution has a link on their online course schedule that leads to the school bookstore, and 97 percent reported that the bookstore website listed the ISBN, retail price, or equivalent information. However, this information was not consistently made available early to students. Fifty-seven percent of institutions provided ISBN and retail price information at the time of course registration. By the first day of class, 92 percent said they have this information posted.

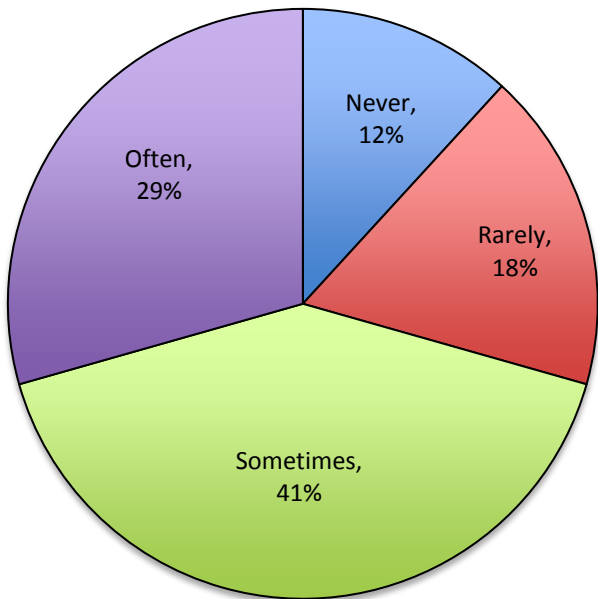
Bookstore Operator Survey: When was ISBN or equivalent information posted for students?



When asked why the bookstore lacked information necessary to list the book identification information on the course schedule, 39 percent of bookstore operator respondents reported the assigned professor did not submit the information. Forty-four percent reported that a professor had not been assigned to the course in time for the information to be listed. However, 82 percent of bookstore operators reported increased efforts to encourage faculty to turn in textbook orders as early as possible. The most often cited ways of approaching the topic with faculty included working with the academic deans,

communicating directly via personal or email correspondence, visiting faculty meetings and conducting faculty education sessions.

Bookstore Operator Survey: How often do the faculty submit textbook requests prior to registration for the coming term?



Availability of Cost-Saving Programs

One bookstore operator offered the following comment: *“We offer new, used, eBooks and rentals. We give the students as much personal assistance as possible to ensure they have all the information to decide what is the best option for their learning style, preference and budget.”*

One of the best ways for students to save money when shopping for textbooks is to purchase used copies. Nearly all (97 percent) of bookstore operator respondents reported they have a used book program at their institution, and 80 percent reported having increased the availability of used books in their stores in the last two years. This was achieved primarily through increased student buy-backs and increased purchasing from used book companies. Some bookstore operators reported an increase in speculative buying, where the store purchases textbooks not yet adopted for future terms. While many institutional bookstores have book buyback programs at the end of each semester, only 25 percent report offering guaranteed buy-back programs.

Another good option for students seeking cheaper textbooks is a book rental program. Of the bookstore respondents, 56 percent reported having a book rental program available to their students. An additional 10 percent of respondents reported they are currently experimenting with a book rental program and may fully institute one in the future. Finally, some institutions use programs in which donated textbooks are made available on reserve at the campus.

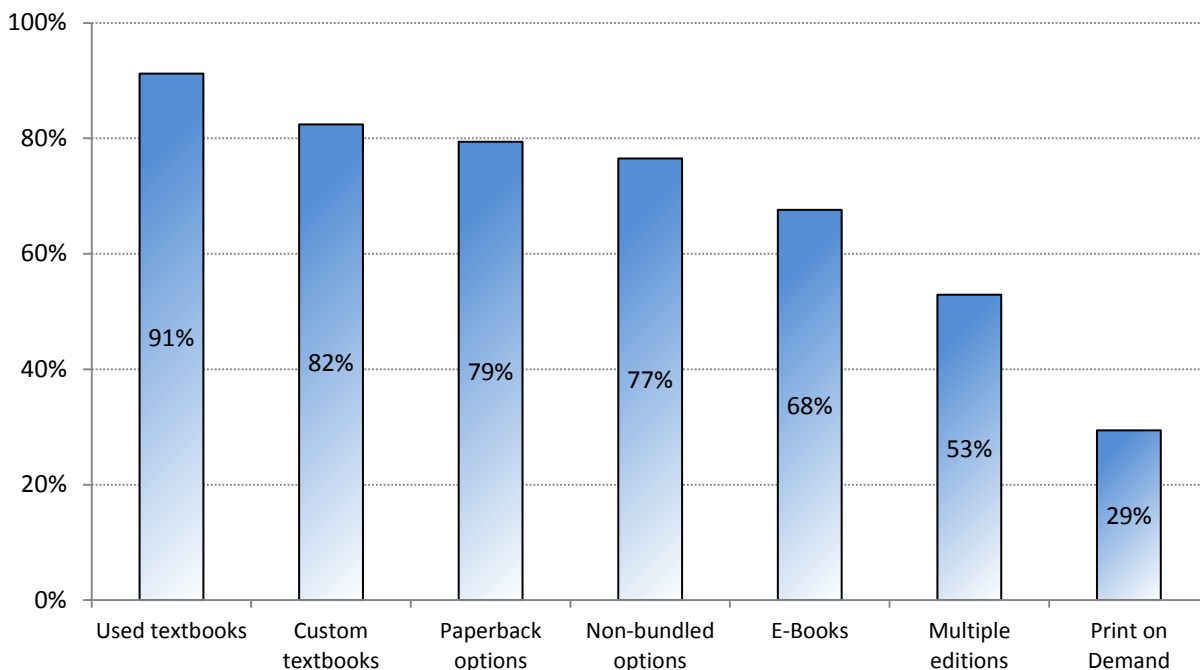
When asked how bookstores and institutions are working to get the word out to students about the availability of these cost-savings programs, the most often named approaches were the school website or course-registration page, Emails directly to students, and signs and handouts disseminated on campus.

Other creative ideas to inform students about their options when shopping for textbooks include using Facebook pages, freshman orientation presentations, and initiatives by student government. While educational institutions don't necessarily want to pass costs on to their students, some may depend on the revenue from textbook sales to recoup costs they incur; and the campus may depend on the revenue for scholarships or to supplement other portions of the campus budget.

Availability of Cost-Savings Textbook Formats

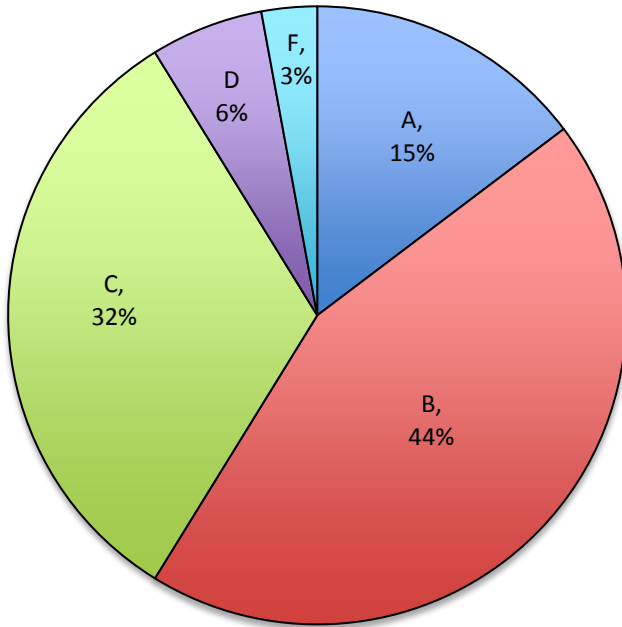
Books offered in cheaper formats provide students with some control over textbook costs. The survey results revealed that faculty often have options when making their textbook requests with the institution bookstores.

Bookstore Operator Survey: Which of the following cost-saving options have been made available to faculty in ordering their textbooks?



However, just because these options are available to faculty does not necessarily mean they are used by the faculty. Textbook publishers are charged by the federal law to disclose prices and other pertinent information to faculty and staff. Bookstore operators gave publishers mixed reviews when asked how aware and compliant they perceived publishers to be with the new law, with 41 percent of bookstore operators giving publishers a grade of 'C' or lower.

Bookstore Operator Survey: What letter grade would you give publishers regarding their awareness and compliance with the law?

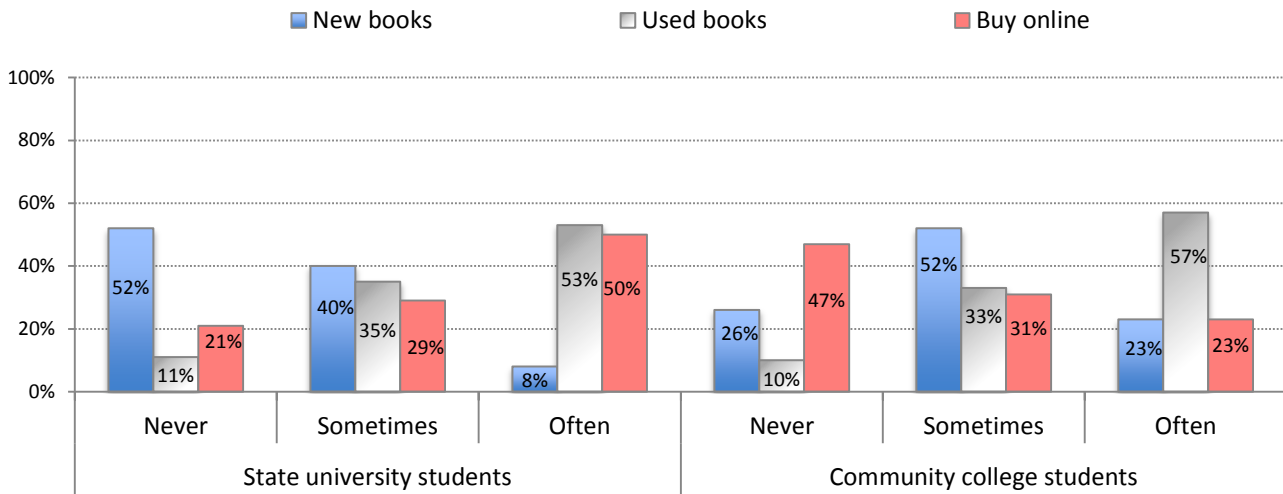


Student Actions and Strategies

For cost-saving strategies to be realized, students must take the initiative to be informed and assertive shoppers. However, students must also take the initiative to benefit from these efforts. The Office of Higher Education contacted the Minnesota State University Student Association and the Minnesota State College Student Association to survey students at their conferences in October and November 2010. Approximately 63 university students and 245 public two-year college students completed the survey. It was not a random sample. In addition, the findings do not include responses from students attending private institutions or University of Minnesota campuses.

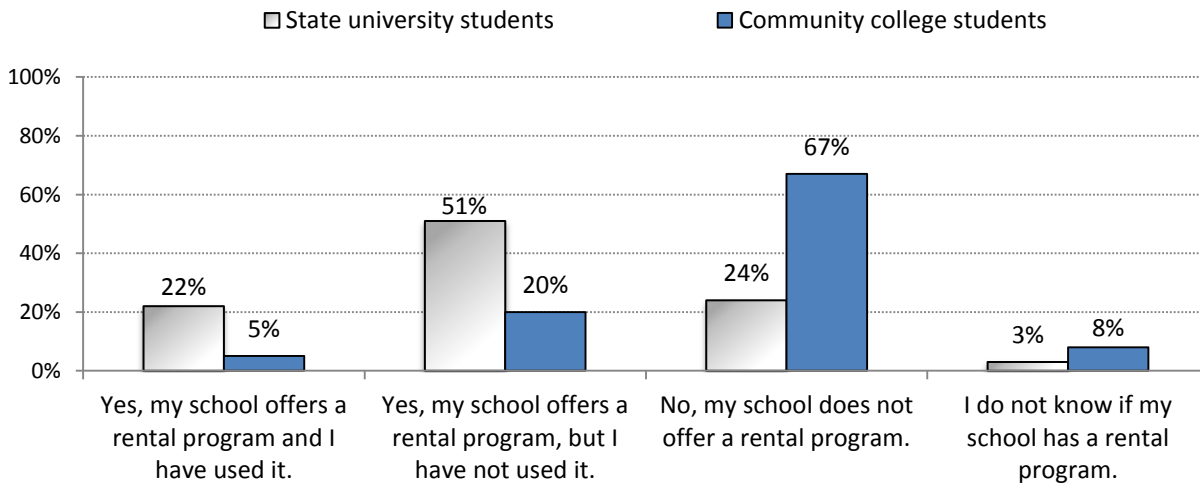
When considering both state university students’ and public two-year college students’ preferences for buying used books, new books, and buying online, there are some differences between the two groups. For example, when asked whether cost or convenience was the more important factor when buying textbooks, only three percent of state university students responded convenience was more important, compared with 12 percent of community and technical college students. More state university students reported never preferring new copies of their textbooks over used copies than community and technical college students – 53 percent and 26 percent respectively. Fewer state university students than community and technical college students reported never buying books online, such as from eBay and Amazon – 21 percent and 47 percent respectively.

Student Survey: If in stock, how often do you prefer to buy new books from your school bookstore, used books from your school bookstore or books online?



The survey results suggest that students are receiving information about book rental programs that may be available to them, since 22 percent of state university students and 5 percent of community college students did not know whether or not their school had a rental program. However, it also appears rental programs may be underused, since on average, 51 percent of state university students and 20 percent of community and technical college students surveyed said they are aware that they have access to this type of program but choose not to use it.

Student Survey: Does your school have a rental program, and if so, do you use it?



One of the biggest goals of the federal law was to provide students with pertinent information about their textbooks so they could shop around for books that are not only cheaper, but also suit their preferences and learning styles. When asked if having the ISBN and retail price of their textbooks was adequate information for them to be able to bargain shop, 65 percent of students replied in the affirmative. However, 52 percent of students also said that they would need to know this information by

the time they register in order to have enough time to shop around. Thirty-six percent cited one month as adequate time to shop, and 12 percent cited two weeks as enough time.

Student Options

Student bookstores are a one-stop-shop for students to conveniently get all of their textbooks at once. Other options, such as shopping online or renting textbooks, may be cheaper options for students. However, there is no hard and fast rule that determines whether buying at the campus bookstore, buying online, or renting will be the cheapest option. In a limited experiment to find out how much prices could vary when shopping for textbooks, the Office of Higher Education found that one semester's worth of textbooks ranged from \$137 to \$403, disregarding shipping charges. Some of the cheapest and some of the most expensive textbook copies were offered from book rental companies. The campus bookstore prices were in the top quartile of the range.

There are now websites comparing prices from multiple sites at once so students can bargain shop with little effort. Still, students who consider this option must take into account shipping costs and transit time, which may reduce the attractiveness of ordering online. Further, after the student is finished using the text, they may be able to resell the textbook online and recoup some of their cost.

Textbook rental companies are another option for students to pay a small price with the promise of returning the book at a certain time and with limited damage. However, students should be sure to read the fine print when considering this option, as some companies limit the amount of highlighting and notes that can be made in the text. Students will be charged a much higher replacement fee for texts that do not meet the company standards. While many companies offer free shipping for sending and returning books, there is lag time between placing orders online and when the book is delivered. Thus, students must be sure to place orders early enough so that they will receive their books by the time they need them. Further, since the textbook is rented, the student will not benefit from any resale value of the text.

Summary and Recommendations

Textbooks are part of a national market that has a number of actors, making it difficult to enforce substantial changes at the state level. Rather than recommending further state legislation or regulation, the Minnesota Office of Higher Education suggests the following approaches to improving awareness about the role that students, faculty, and school administrators can play in containing textbook costs and making all market players aware of the new federal requirements.

Increase efforts to make sure faculty understand the extent to which their textbook choices affect what students pay.

- Only 39 percent of surveyed Minnesota students responded that they felt their instructors take cost into account when selecting textbooks for their courses.
- Faculty should communicate to students whether they have considered cost in selecting texts for the course.

Getting textbook orders into the school's bookstore as early as possible is the single best way to help students reduce their textbook costs.

- If textbook orders can be placed prior to the current semester's used book buyback period, books that will be used the following semester will garner a higher buyback price for students.
- Further, when faculty submit textbook orders earlier, bookstores can spend more time trying to get as many used books as possible.
- Departments could consider establishing a standard textbook for all sections of an introductory level course. This would create more resale value for students' used books.

Because the 2008 federal Higher Education Opportunity Act requires publishers to produce a description of substantial content changes between new and older editions of textbooks, faculty who are unsure how content covered in their course has changed can get this information from the publisher.

- Often large portions of textbooks remain the same from edition to edition, so upgrading to the newest edition may not be necessary and students could save money by buying older editions. Therefore, when possible, faculty could allow multiple editions to be used for the course. This may require that the faculty member make assignments specific to each edition of a textbook.

Because of the federal Higher Education Opportunity Act, publishers are now required to inform faculty if a textbook is available in multiple formats, and the price at which they offer the book in each format.

- In some cases, textbooks are available in multiple formats, such as electronic textbooks, paperbacks, or cheaper editions that are printed on less expensive paper or with less color. Faculty can work with the bookstore to determine the availability of these options.

Faculty can cut down student costs by making sure that supplemental material that will not be used in the course is not ordered by the bookstore.

- Often supplemental material is packaged with the main textbook. The Higher Education Opportunity Act requires publishers to provide supplemental material in separate packaging, as well as the price at which they offer it.
- If supplemental material is optional, faculty can request that this material be 'unbundled' so interested students can buy it separately from the textbook.

Faculty can share more information about textbook options with students.

- Even though publishers are required to provide information to faculty, the new law does not require faculty to share information with their students.
- However, neither does it *restrict* faculty from sharing this information. Knowing some of the information above may help share the responsibility of keeping textbook costs down