

Report On Textbook Costs And Trends For Delivery And Cost Reduction

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Executive Summary

The high cost of textbooks continues to be a problem for college students and their families. Recent reports indicate the cost of textbooks increased at four times the rate of inflation from 1990-2009. Six years ago a USG Textbook Task Force was convened to identify and describe the root causes of textbook price escalation and develop recommendations to help mitigate costs to students. Since that time significant new developments have emerged to address these concerns, including recent legislative actions and technology related trends for buying and selling textbooks.

According to the College Board the national estimated average annual cost for books and materials at public two-year colleges in 2010-11 is \$1,133 and \$1,137 at four-year public colleges. This is a significant expense for students at two-year colleges where the cost of textbooks and supplies was almost half the estimated cost of tuition for 2010-11.

Factors that contribute to the rising cost of textbooks include bundling, the practice of creating shrink-wrapped packages that include a textbook and supplemental materials, and the frequency of textbook revisions. Federal and state legislation has been proposed and enacted to help address these issues, however, costs continue to rise. Many states have requested studies and review boards to determine the factors related to the high costs of textbooks and strategies for reducing costs.

Changes in textbook purchasing options, such as rental programs, e-textbooks, and open textbooks, have emerged as cost savings options. A recent study suggests that one of these options, open textbooks, could reduce the average amount students spend on textbooks by 80% a year. An open textbook is a digital textbook offered online by its author(s) under a license that is less restrictive than traditional copyright. Open textbooks are publicly available and freely accessible online in a variety of formats.

Further investigation is needed to study the impact of recent developments on textbook affordability and emerging strategies for reducing costs, including the use of open textbooks.

INTRODUCTION

In 2004, the University System of Georgia commissioned a task force to identify and describe the root causes of textbook price escalation and develop recommendations to help mitigate costs to students. State wide public forums were held to obtain input from students, faculty, college bookstore managers, and publishers. Out of this work recommendations were made and policies implemented to address the concerns and reduce textbook costs. Since 2004, textbook costs have continued to escalate. Coupled with troubling economic times and rising tuition costs, the high cost of textbooks continues to be a problem for students and their families. The rising cost of textbooks is a significant factor in the overall costs to attend college and is a financial barrier for many students in achieving higher education. The cost of textbooks has attracted the attention of various consumer interest groups as well as federal and state governments. In the past six years, technologies and trends have emerged that provide new ways to address these issues. This report will provide an update about the current options, strategies and legislative actions to help address the high cost of college textbooks.

BACKGROUND

The College Board provides annual estimates of the average cost of textbooks and supplies as determined by type of institution attended. Table 1 reflects the estimated cost of textbooks and supplies over the past five years for both two-year and four-year public institutions. According to the College Board (2010) the national estimated annual average cost for books and materials at public two-year colleges in 2010-11 is \$1,133 and \$1,137 at four-year public colleges. This is particularly significant for students at two-year colleges where the cost of textbooks and supplies was almost half the estimated cost of tuition for 2010-11.

TABLE 1
Increases In Costs Of Textbooks And Supplies By Institution Type

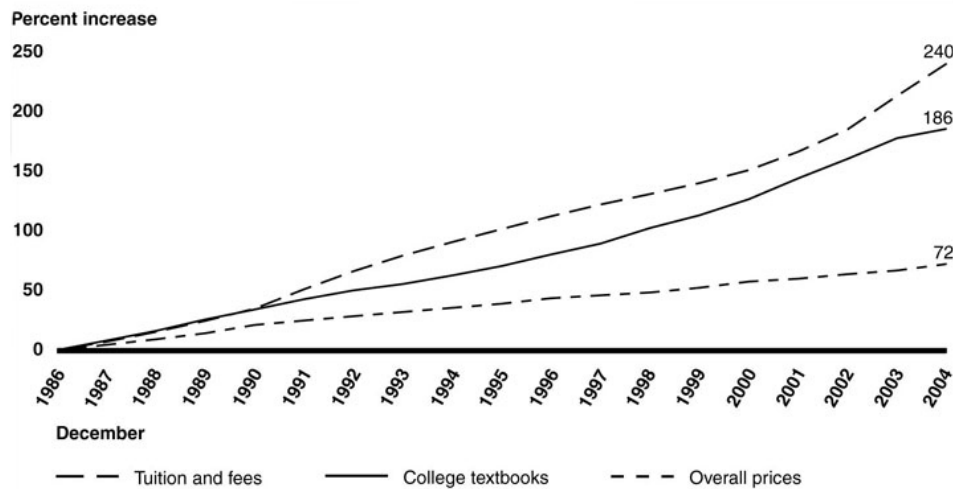
Sector	2006-07	2007-08	2008-09	2009-10	2010-11
Two-Year Public	\$850	\$921	\$1036	\$1098	\$1,133
Four-Year Public	\$940	\$988	\$1077	\$1122	\$1,137

Source: College Board (2007, 2008, 2009, 2010)

The U. S. Government Accountability Office (GAO) reported in 2005 that for two decades, from 1986 to 2004, college textbook costs increased at twice the rate of inflation, increasing an average of 6 percent per year. Average costs for textbooks and supplies for first-time, full-time students for academic year 2003-2004 represented about 26 percent of the cost of tuition and fees at 4-year public institutions and almost 75 percent at 2-year public institutions (GAO, 2005). More recent reports indicate the cost of textbooks has increased at four times the rate of inflation from 1990-2009 (Allen, 2010).

As Figure 1 shows, in December of 2004 prices for college textbooks were 186 percent higher than they were in December of 1986. Tuition and fees increased 240 percent during the same period. Overall price inflation was 72 percent.

*Figure 1
Annual Percentage Increase In College Textbook Prices, College Tuition And Fees, And Overall Price Inflation, December 1986 To December 2004*



Source: Bureau of Labor Statistics.

Note: Source: GAO (2005)

These costs may affect retention rates for low and middle-income students struggling to attend college while working to help support themselves and their families. A recent study conducted with support of the Bill and Melinda Gates Foundation (Johnson & Rochkind, 2009) reports that forty-five percent of students at four-year schools work 20 hours a week, and six in ten students at two-year schools work more than 20 hours a week. Twenty three percent of college students have dependent children. While the cost of textbooks and supplies was not the primary factor for drop out rates among working students, a majority of students surveyed reported that the cost of textbooks and supplies affected them financially. Having enough money for tuition and books is suggested as a step in the right direction for helping these students earn a college education.

FACTORS THAT DETERMINE THE COST OF TEXTBOOKS

According to the GAO report, the price of textbooks has risen as publishers have increasingly added supplemental instructional materials and features. Related to this are two practices that contribute to the rising cost of textbooks: bundling, the practice of creating shrink-wrapped packages that include a textbook and supplemental materials, and the frequency of textbook revisions (GAO, 2005) (Allen, 2008).

Bundling

Bundling is the practice of packaging a textbook and supplementary materials, such as

study guides, workbooks, CD-ROMs and other materials. These packaged, bundled materials are sometimes priced lower than the price of the individual items. However, these supplemental materials are consumable and cannot be used again or sold back with the used textbook. This is important because students often offset the costs of textbooks by selling their books at the end of the term. When the used book is part of a bundled package it may be difficult to sell the book alone. Students looking to buy used books will still need to purchase new supplemental materials. The materials purchased separately are expensive, and the cost of the used textbook with new supplemental materials is often as expensive as the new bundled package.

In July, 2010, new laws went into effect that require publishers to offer unbundled versions of textbooks and materials that are offered as a single bundled package. Materials will be packaged and priced separately so that students will have the option of purchasing only the materials they need.

Revision Cycles

The frequent revision cycles for textbooks is also cited as a factor in the rising costs of textbooks. When there is a newer edition available there is little demand for older editions. Students have fewer options for reselling books and lose the opportunity to recoup part of their textbook expenses. This also means students must buy the more expensive newer edition rather than a less expensive used copy.

Publishers report that textbooks are now revised every three to four years rather than four to five years that was the standard 20 years ago. New federal laws have gone into effect that require publishers to describe substantial content revisions to faculty members so that they will be able to determine whether the new content is necessary for their instructional needs. Some states have enacted legislation to require faculty to use a textbook edition for a set number of semesters.

FEDERAL AND STATE INITIATIVES TO CONTROL TEXTBOOK COSTS

Federal Initiatives

The federal government provides financial aid to students and their families to help offset the costs for postsecondary education. The high cost of textbooks is one factor in these rising costs. According to the GAO report (2005), "Given that nearly half of undergraduates receive federal financial aid and the cost of textbooks is one component considered in making these awards, escalating textbook prices can impact federal spending" (p.1).

Higher Education Opportunity Act (HEOA) of 2008: Textbook Information Provision

As a result of these concerns, on July 1, 2010, the Textbook Information section of the HEOA went into effect. The main requirements of the textbook provision would affect student costs in the following ways:

1. Publishers must disclose information regarding textbook price, a description of substantial content revisions, and available formats for the textbook to faculty members during the marketing process.

2. Publishers must offer unbundled versions of textbooks and materials that are also offered as a single bundled package. Materials will be packaged and priced separately so that students will have the option of purchasing only the materials they need.
3. Institutions shall provide, to the maximum extent practicable, ISBN numbers and retail pricing information for required and recommended books on the institution's Internet course schedule used for pre-registration and registration purposes. Having this information before the term begins gives students time to shop for books at a lower cost.
4. Additionally, institutions are encouraged to provide information regarding programs for renting textbooks or purchasing used books, institutional guaranteed textbook buy-back programs, alternative content delivery programs, or other institutional cost-saving strategies.

State Initiatives

A study conducted by the Advisory Committee on Student Financial Assistance (ACSFA), (2007) found that between 2004 and 2007, 34 states proposed legislation related to the cost of college textbooks. According to a University of Michigan report investigating the rising costs of textbooks, "In 2007 alone, more than 85 bills in 27 states dealt with textbook affordability. By the end of 2007, 10 states had enacted 15 laws or resolutions to reduce textbook costs" (Nicholls, 2010, p. 11).

Many of these laws address factors known to drive up the costs of textbooks, which are now addressed in the HEOA textbook provision. Topics of the bills include legislation requiring publishers to offer unbundled versions of textbooks in addition to bundled versions and to provide information on costs and revision history to faculty. The bills encourage faculty to consider less expensive alternatives, require booklists and prices to be posted before registration, encourage institutions to set up textbook buy-back and rental programs, and encourage the use of technologies that can make textbooks more affordable, including the use of e-textbooks and e-readers. Many states have passed legislation that exempts college textbooks from sales taxes.

Some states have requested studies and review boards to determine the factors related to the high costs of textbooks and strategies for reducing costs, including the University System of Georgia, University System of Ohio, California Postsecondary Education Commission, The Connecticut Taskforce on the Cost of College Textbooks, the University of Wisconsin System, Minnesota Office of Higher Education, and the State University System of Florida, to name a few.

STRATEGIES FOR REDUCING TEXTBOOK COSTS

Students continue to buy and sell used books to recover a portion of the money they spend on textbooks. Selling back books is now much easier and more profitable to students due to the many available online services that buy used textbooks for resale purposes. According to a recent study released by the Student Public Interest Research Groups, (Student PIRGs)

(Allen, 2010), changes in textbook purchasing options, such as rental programs, e-textbooks, and open textbooks, have emerged as cost savings options. Each of these is discussed further below. It should be noted that according to the study, 75 percent of students surveyed prefer print textbooks, 21 percent would use e-textbooks, and 4 percent choose to use e-readers with digital textbooks. Open textbooks, which are offered in a variety of print and digital formats, appear to have the most potential for reducing costs.

Rentals

Renting a textbook represents substantial cost savings to students. According to Allen (2010), textbook rentals cost 61 percent less on average than purchasing new print textbooks. Rental books are available in both print and digital versions. College bookstores are increasingly implementing or expanding rental programs; however start-up funding to begin rental programs is a barrier to wider implementation. In September 2010, funding became available for the first time under the Higher Education Opportunity Act to help college bookstores create rental programs. Students also rent textbooks online through companies such as Chegg.com and BookRenter.com. Print copies of books are sent through the mail. At the end of the rental term students return the book in the pre-paid box provided by the rental company. If students need to keep the book longer, in some cases they can pay a fee to extend the rental or buy the book. Digital versions of a rented textbook are available for a specified time limit, after which the book is no longer accessible to the student. The inventory of rental textbooks is growing, but not all textbooks are currently available as rentals.

E-Textbooks

E-textbooks are digital versions of textbooks. According to recent estimates (Allen, 2010), the cost of e-textbooks is 52 percent less than new print books on average. E-textbooks can be read online or downloaded and read on a personal computer, e-reader, or other mobile device. E-readers are devices designed to read digital books such as the Amazon Kindle DX, Sony Reader, and Barnes and Noble's Nook. Other devices used as e-book readers include Apple's iPad, iPhone, and iPod Touch, to name a few. E-textbooks are available immediately upon online purchase or rental. There is no waiting for delivery through the mail or a trip to a bookstore to pick up the book.

In 2010, the Georgia General Assembly passed a bill related to digital textbooks for elementary and secondary education. The bill, SB 319, changed the definition of *textbook* to include digital content. This is a step in the right direction and recognizes the value of current technologies to provide more cost effective, current, high quality digital textbooks for Georgia students.

The growing popularity of e-readers could increase the use of e-textbooks, making them a more viable option for students. One drawback is the high cost of the e-reader devices. The cost of e-readers has dropped since the release of the Apple iPad and is predicted to continue to drop as manufacturers of e-readers respond to competition in the market.

Increasingly digital versions of traditional textbooks are becoming more readily available, although not all textbooks are available in digital format. These options are less expensive

than traditional print books, but studies show (Allen, 2008) they do represent a few drawbacks for students including the following:

- About 75 percent of students report that they prefer a print option for a textbook. With e-textbooks students typically can print only a limited number of pages due to copyright concerns.
- Publishers typically offer e-textbooks as rentals only - with access to the books for one or two semesters, although in some cases purchase options are available.
- E-textbooks are still expensive, sometimes only slightly less expensive than print versions, and they cannot be sold back to help students recoup part of their cost.
- There is no standard universal format for e-books and publishers vary in the formats they provide. Some publishers that offer e-textbooks require the use of their own e-reader to read the book, which may limit access. Online bookstores, such as Textbook.com, are beginning to offer more comprehensive lists of digital textbooks in a wider variety of formats, although prices, titles, and formats vary across bookstores.

Open Textbooks

An open textbook is a digital textbook offered online by its author(s). A recent study (Allen, 2010) estimates that open textbooks could reduce the average amount students spend on textbooks by 80% a year. This is the largest potential cost savings of the currently available textbook options. It is important to note that open textbooks are fundamentally different from e-textbooks in that open textbooks are released under a type of license that is less restrictive than the traditional copyright license used for e-textbooks. The “open” in *open textbooks* refers to the type of license the book is released under. Creative Commons licenses are often used for open textbooks. Creative Commons licenses provide a standardized way for authors of creative works to grant permissions that allow free and legal sharing, use, repurposing, and remixing of their works by others. (Creative Commons, 2010). Open textbooks are publicly available and freely accessible online in a variety of formats. An added benefit is that the open license allows instructors to adapt, remix, or customize existing open textbooks to maximize instructional content to meet their own learning objectives.

Like e-textbooks, open textbooks are digital versions of textbooks that can be read online or downloaded for reading on personal computers, e-readers, or other mobile devices. Unlike e-textbooks, there are no licensing fees or print restrictions due to copyrights, so students can print sections or the entire book on their own printer. There are no time limits for use of the book. Students who wish to have a traditional print copy can, in most cases, purchase a hard copy of the textbook at significant cost savings. Content can be revised, remixed, or adapted to meet local instructional needs. Revisions to books are freely available online which helps to keep content current and updates easily accessible.

Open textbooks represent significant cost savings and options over other types of textbooks. For example, a popular and widely adopted open textbook, *Collaborative Statistics* by Barbara Illowsky and Susan Dean is free to read online and download in a variety of formats, including formats for e-readers. A print edition is available at a low cost. There are no print limitations. The optional printed bound version is available at \$31.95. A similar textbook from a publisher sells for \$116.00, rents for \$51.14 and is available as an e-textbook for \$46.40.

Students who buy the print copy of the open textbook instead of a traditional print version could save \$84.05. In two sections of an Introductory Statistics course with 40 students purchasing the printed edition of the open textbook, the cost savings would be \$3,362 in one semester alone. If 40 students choose to use the free online version the cost savings would be \$4,640.

Table 2 provides a comparison for the open textbook, *Collaborative Statistics* with *Essentials of Statistics*, a traditional textbook from a publisher and rental options for the traditional version.

TABLE 2
Comparison of Open Textbook with Traditional Textbook and Rental Options

Type	Traditional Textbook	Open Textbook	Savings With Open Textbook	
			For 1 Student	For 40 students
Title	<i>Essentials of Statistics</i> , 4/E Mario F. Triola	<i>Collaborative Statistics</i> , Barbara Illowsky and Susan Dean		
Price for Print Edition	\$116.00	\$31.95	\$84.05	\$3,362
Price for Rental	\$51.14	\$0 - Free (no rental necessary)	\$51.14	\$2,045
Price for e-Textbook	\$46.40 (limitations on printing & accessibility)	\$0 - Free Digital Version (no limitations on printing, & accessibility)	\$46.40	\$1860

Note: Savings represented for 40 students assumes two sections of the course with 20 students per section.

Open textbooks are freely available at a variety of locations on the Web, including in repositories that offer free instructional resources and open textbooks. A few notable sites for open textbooks include Connexions, Flat World Knowledge, Merlot, College Open Textbooks, and OER Commons. State repositories of open educational resources have been developed to share open instructional resources and open textbooks, including USG SHARE, The University System of Georgia’s Digital Instructional Resource Exchange.

SUPPORTERS OF OPEN TEXTBOOKS

The open textbook movement is supported by government agencies, academia, and profit and non-profit organizations. For example, the College Open Textbooks Collaborative (COTC) is a collection of colleges, governmental agencies, educational nonprofits, and other education-related organizations working to develop strategies to reduce textbook costs. Funded by The William and Flora Hewlett Foundation, the collaborative provides training, support, and mentoring for instructors adopting open textbooks and conducts research on factors related to open textbooks.

Open textbook publishers, such as Flat World Knowledge, are beginning to develop models for commercial open textbook publishing. These publishers are working to develop a model that includes collaboration with authors, peer reviews, and professional design and editing services. With Flat World Knowledge, students have free access to read the book online but they must pay a fee for download and print options.

State And Federal Government Responses To Open Textbook Initiatives

The potential cost savings of using open textbooks is significant. Many states and the federal government recognize the impact they can have on the rising cost of textbooks. While open textbooks are free to students, it takes funding to support their creation and use, and to develop sustainable production and delivery models. Governments can help by investing in special funding to support innovation and efforts to create more open textbooks.

Several states, including Florida, Texas, and California, have initiated open textbook initiatives designed to develop strategies to promote and increase the use of open textbooks. A notable effort is the state of Florida's Open Access Textbook Initiative. As a result of a directive from the state Legislature, an Open Textbook Taskforce was formed to develop a plan for promoting and expanding the use of open textbooks.

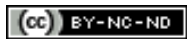
Open textbooks are increasingly supported by the Federal government as a way to reduce the cost of obtaining a college education (Plotkin, 2010). Under the Health Care and Education Reconciliation Act, funding has been proposed to support the development of open resources, including open textbooks. Other Federal legislation has been proposed including S. 1714: Open College Textbook Act of 2009 and H.R. 4575: Open College Textbook Act of 2010. This legislation would provide one-year grants to institutions and instructors to create open textbooks or to update or adapt existing textbooks into open formats. The grants would support the creation of a comprehensive array of high quality course materials for introductory courses in a wide range of subject areas. According to Senator Dick Durbin of Illinois, the act may be considered in the next Congress.

Open textbooks are one way to curb the high cost of textbooks for students in postsecondary education. A growing list of open textbooks is currently available, but there are many fields and disciplines with no open textbooks at this time. More support and

funding are needed to continue to create and provide the high quality open textbooks needed to effectively reduce the high cost of college textbooks. Investing in open textbooks is a cost effective way to ease the costs of overall attendance and help make participation in higher education more affordable for Georgia's students and their families.

CONCLUSION

The high cost of textbooks continues to be a problem for college students and their families. It has been six years since the first USG Textbook Task Force was convened to identify and describe the root causes of textbook price escalation and develop recommendations to help mitigate costs to students. Since that time significant new developments have emerged to address these concerns. Changes in textbook purchasing options, such as rental programs, e-textbooks, and open textbooks, have emerged as cost savings options. A recent study suggests that one of these options, open textbooks, could reduce the average amount students spend on textbooks by 80% a year. Further investigation is needed to study the impact of recent developments on textbook affordability and emerging strategies for reducing costs, including the use of open textbooks.



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