

Textbook Costs at the University of Alaska

A Report to the Board of Regents

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Textbook costs at UA

In December 2012 BOR Chair Patricia Jacobson requested a report on textbook costs at the University of Alaska. This task was delegated from Vice President Dana Thomas to Associate Vice President Saichi Oba. The following brief report on textbooks at UA covers undergraduate textbooks only. Included is an overview of unique market dynamics, data from bookstore operations at the MAU and examples of individual student costs for spring 2013.

Overview

Concerns over textbook costs are not isolated to the University of Alaska. Efforts to reduce student spending on textbooks have appeared at both the state and federal level in over 200 pieces of textbook-related legislation between 2004 and 2011¹.

That textbook costs have increased – by some accounts at over three times the rate of inflation (*see graph A*) – is not in question. However, the reasons for these increases are complex and reflect what has been termed a “broken-market.” “Broken” here means that typical market pressures to regulate the cost of a good are absent or muted. Those who have the primary responsibility for choosing college textbooks (faculty) are not the people that pay for those textbooks (students). There is an analogous situation in the health care system in which doctors prescribe medicine for their patients – but do not pay for those drugs.²

To be clear – the dysfunction of the market is not the sole or perhaps even the most critical factor in the high cost of textbooks, however the insulation created by this unique environment does contribute to the escalating costs of textbooks.

Other factors include the consolidation of major textbook publishers. Current estimates provide that five firms publish 80 percent of all textbooks produced. Similarly, the number of wholesalers is relatively small – as few as four wholesalers dominate the market.³

Adding to the initial high cost of textbooks is the substantial cost of developing a new textbook – industry estimates place this figure at \$1.0 million or more.⁴ Here too the unique dynamics of the textbook market play a significant role.

In other book markets the initial investment in a new book – for example – the latest novel by Stephen King can be recouped through initial hardback sales, subsequent paperback sales and from re-releases or additional printings.

¹ Report of the California State University (CSU) Textbook Affordability Taskforce, (August 2007)

² “An Economic Analysis of Textbook Pricing and Textbook Markets”, Dr. James V. Koch, (September 2006)

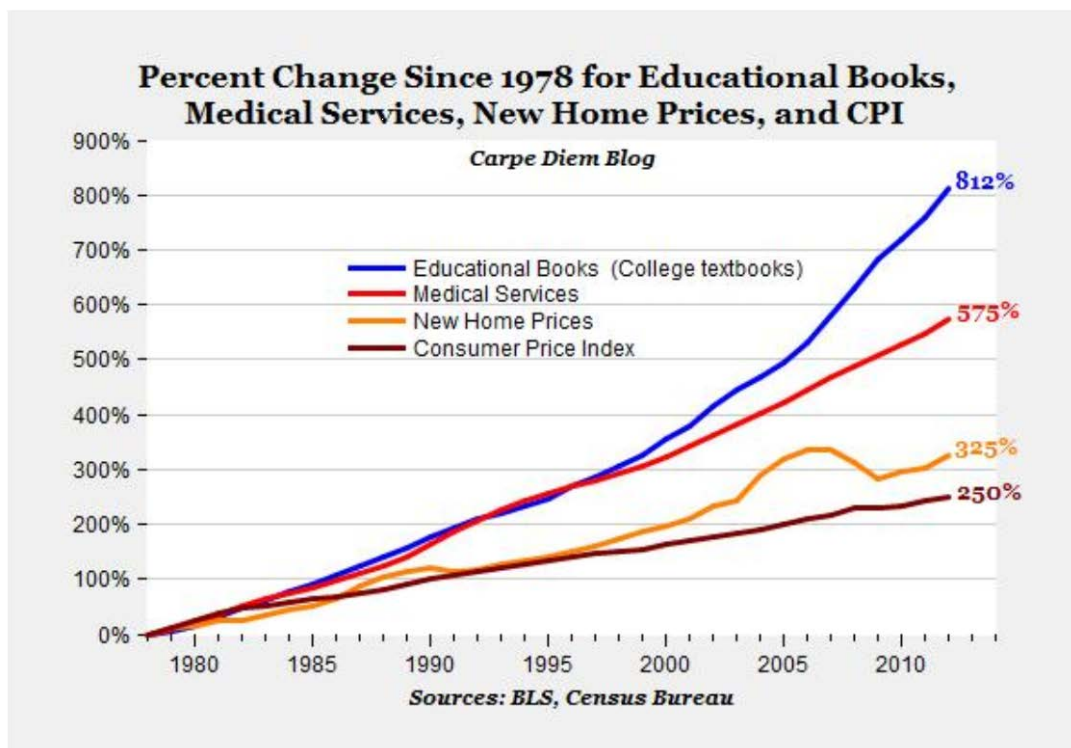
³ IBID

⁴ IBID

A new textbook, however, does not have the economic resiliency or shelf life of a contemporary novel. The initial investment must be recouped almost exclusively by the initial sales – in this case by the students who buy the textbook new when it is sold at the highest price. This is in part because all future sales of that textbook will be as a used book sold at a greatly reduced price – of which little if any of the proceeds will find it's way back to the publisher or wholesaler.

Publishers – the few that exist – continue practices that also add to the cost of textbooks. The most notable is referred to as *bundling* – packaging textbooks with other costly media or services such as a CD-ROM or access to a web site. Such newly packaged textbook bundles often render the current text obsolete, which then forces students to buy newer versions of textbooks instead of less costly used copies. It should be noted that provisions in the Higher Education Reauthorization Act require textbook publishers to make each element available for sale separately. The intent of the legislation was not to prohibit the practice of bundling, but rather to allow students the freedom to select lower cost used texts *and* the supplemental items separately.

Graph A



(From: <http://www.theatlantic.com/business/archive/2013/01/why-are-college-textbooks-so-absurdly-expensive/266801/>)

Textbooks costs at the University of Alaska

Each of the MAUs operate their bookstores and textbook sales in slightly different ways. UAF has contracted their bookstore operation through the Follett Higher Education Group. This includes textbook sales and ordering. Both UAA and UAS self-operate their respective bookstores and both use Missouri Book Services (MBS) for their book needs. UAA also purchases directly from textbook publishers. Both UAA and UAF offer textbook rentals; UAS does not since their market is too small.

The use of digitized textbooks while relatively nascent is starting to emerge at UA. Provost Caulfield at UAS reports that several instructors at UAS are actively considering the use of e-textbooks for their online courses. Sitka Campus Director Jeff Johnston teaches courses on an occasional basis and is planning to do so.

At UAF any time a traditional textbook is available as a digital book, Follett's system automatically adds it as a choice for UAF students. Digital titles are available across all disciplines. Since becoming a Follett store in July 2010, digital books have increased in availability and popularity at UAF. Data from the past three spring semesters indicates the trend of digital book title availability and sales:

	<u>Digital Titles</u>	<u>Digital Books</u>
	<u>Available</u>	<u>Sold</u>
Spring 2011	101	30
Spring 2012	147	101
Spring 2013	269	306

Provisions aimed at reducing textbook costs were approved in the reauthorization of the HEOA (Higher Education Opportunity Act) in 2008. The act includes provisions for both higher education and publishers. For example, colleges are required to share with students as soon as practical:

- the ISBN (International Standard Book Number) for every required and recommended textbook;
- the supplemental materials; and
- the retail price information.

Publishers are required:

- to furnish faculty with price information;
- copyright dates of the three previous editions;
- any substantial revision between new and prior iterations;
- whether the textbook is available in any other format and the price; and
- to supply textbooks in bundled *and* unbundled formats.

In accordance with HEOA, UA students are presented with the textbook information⁵ for the classes they register in at uaonline.edu. Students can then use the textbook information at their brick and mortar campus bookstore, click a link to their virtual campus bookstore, or use the information to search alternative sources such as affordabook.com, Amazon.com and BarnesandNoble.com. It is worth noting that over the past decade sales have moved from near 100% at the local bookstore to on-line purchases dominating sales. This is most likely due to greater inventory and better pricing.

Books and supplies are eligible costs under federal and state financial aid. Because of this the Financial Aid offices include a specific amount for books and supplies in their annual cost of attendance (COA) calculations for their respective MAUs. Campuses arrive at these estimates in roughly the same manner, typically through surveys and research that involves random sampling of student schedules.

For the current academic year 2012-13, the average cost of books and supplies for a full-time student at UA, as estimated by each Financial Aid office, range from a high of \$1575.00 at UAA to a low of \$1276.00 at UAS; UAF uses a figure of \$1400.00. Averaged across UA, the overall budget per student would be approximately \$1417.00. This represents an amount \$217.00 higher than the College Board's figure for four-year public schools and \$188.00 higher than two-year schools.

⁵ Information for textbooks can also be found on and off-line through the MAU bookstores, at academic departments, and in enrollment services.

**The College Board's "Trends in College Pricing":
Average Estimated Full-Time Undergraduate Books & Supplies Budgets, 2012-13**

Sector	Books and Supplies
Public Two-Year Commuter	\$1,229
Public Four-Year In-State On-Campus	\$1,200
Private Nonprofit Four-Year On-Campus	\$1,244

SOURCE: The College Board, Annual Survey of Colleges. This table was prepared in October 2012.

The data contained in both the MAUs cost of attendance estimates and the College Board's annual a survey represents averages and as such are of limited value. The actual price a student pays for his or her textbooks varies greatly depending on choice of academic major; what year in school they are in (or more precisely whether they are taking upper division or lower division courses). Textbook price can also depend on where a student purchases their course materials.

To identify the range of actual textbook costs the MAU bookstores provided textbook lists including the price to students for selected terms. **Figure 1** on the next page includes the highest and lowest priced new textbook and the highest and lowest priced used textbook at the three MAUs. The table also includes the highest and lowest priced textbook rental for UAA and UAF. **Note:** prices in Figure 1 are for required materials – these include traditional textbooks and other books – such as paperback books or other readings.

(Insert Figure 1 here – High & Low Textbook Prices)

The range of costs for required materials for courses within UA is expansive – from a low of fifteen cents for a book required for an International Studies course to a high of \$912 for a Radiology Tech course. Such a range illustrates that choice of major –more so than course level – has a tremendous impact on the cost of a student’s textbooks.

A sample of textbook costs of currently enrolled* students at each of the MAUs further illustrates the effect a major has on textbook costs.

Figure 2. Sample of student expenditures on textbooks for spring 2013

<u>MAU</u>	<u>Major</u>	<u>Class standing at UA</u>	<u>Textbook costs for Spring 2013</u>
UAF	Art	Freshman	\$210.00
	Paramedicine	Freshman	\$300.00
	Political Science	Senior	\$435.00
	Nursing	Freshman	\$475.00
	Business Admin	Junior	\$475.00
UAS	Liberal Arts	Sophomore	\$200.00
	English	Junior	\$200.00
	Business	Junior	\$275.00
	Business	Freshman	\$300.00
	Elem. Education	Sophomore	\$700.00
	Social Science	Sophomore	\$800.00
UAA	Engineering	Junior	\$200.00
	English	Freshman	\$300.00
	Engineering	Sophomore	\$300.00
	Undeclared	Freshman	\$300.00
	Undeclared	Freshman	\$300.00
	Engineering	Junior	\$800.00
Average Spent			\$386.00

*(*All students were enrolled in at least 12 credits for Spring 2013)*

Here again the data depicts a fairly wide range of costs for student textbooks.

A final note regarding the information provided by students: several students indicated that they had deliberately not purchased all the books that were required. When asked why they had done this, two responded they did not think they needed the text to complete

the work in the course. Another student mentioned that she had purchased all the required texts – but then returned the most expensive book (\$225.00) and was instead planning on sharing another classmate’s textbook. UA students are not alone – a recent finding, from the National Survey of Student Engagement showed approximately one out of three seniors and one in four freshman did not buy required course materials due to their price.⁶

That students deliberately are attempting course work without a required text is ill advised and reminiscent of what was revealed when we looked into transfer activity in the system. While fact finding for the transfer report, we found that many students tried to ‘self-advise’ themselves rather than seek the help of a university advisor. While both practices are precarious, not purchasing a required text is almost exclusively a financial decision – that is, an attempt to reduce expenditures. This practice is bolstered by the fact that some individual courses have multiple required texts or materials – which all told can cost a student \$200.00 or more.

While the majority of textbooks are priced below \$100.00,⁷ the requirement to purchase multiple items for a given class can result in a student paying twice that or more for textbooks for a single course. In at least one example, students taking a Chemistry class can expect to pay \$500.00 (for new) or \$375.00 (for used) textbooks. (See Figure 3 on the following page.)

⁶ *Students Get Savvier About Textbook Buying*, Marc Parry, The Chronicle, (January 2013)

⁷ See Appendix A, UAF Bookstore analysis, (January 2013)

Figure 3. Sample courses with multiple required textbooks.

Course	Required texts/materials	Rental	
		New / Used	New / Used
CHEM 106	Chemistry & Chemical Reactivity	\$296.70 / \$222.55	
	Comp Lab Bk 4x4 Quad Dupl.	\$25.95 / \$19.50	
	Chemical Principles in the Lab	<u>\$177.70 / \$133.30</u>	
	Total:	\$500.35 / \$375.35	
ACCT A216	Systems Understanding	\$61.85 / \$46.40 /	/ \$55.20
	Acct'g Info Systems	<u>\$176.40 / \$132.30 /</u>	<u>\$113.70</u>
	Total:	\$238.35 / \$178.70	
ANTH A324	Rethinking Psych. Anthro.	\$33.30 / \$25.00	
	Culture & Psychology	\$136.50 / \$102.40 /	\$76.25
	Psychology of Cultural Exp.	<u>\$43.75 / \$32.85</u>	
	Total:	\$213.55 / \$160.25	

Going forward

Clearly the textbook cost discussion is complex and involves several stakeholders. On the supply side we have a limited number of publishers and wholesalers – both seemingly immune to the typical market pressures that regulate cost. On the demand side we find primarily students. Yet, faculties also have a unique role in this discussion since they have the responsibility to select the books that students will ultimately purchase. And as discussed earlier this unique arrangement found in few markets helps create an environment in which the ability to influence price (downward) is relatively absent.

Rather than expounding on what the supply side should be doing (or not doing) to curb textbook costs, I will focus the remaining portion of the report on strategies students, faculty and the institution might consider.

Before delving into strategies for students a few thoughts on the path ahead. First, while the situation may appear to be intractable – it is not. There are actions and policy considerations that can help reduce the cost to our students. However, we should recognize that to create these conditions, we – the institution – will be called upon to

examine long held practices, collaborate across the system and may in fact incur additional costs.

For students the strategies to curb textbook costs are not earth shattering revelations but rather common sense, proactive advice.

- Actively compare and shop for the best prices on-line and in stores. Use the information available to you (ISBN, author name, book title) and shop as far in advance as practical for your textbooks. Shopping in advance especially on-line can also help control shipping costs.
- Use sites that compare prices for you such as affordabook.com.
- Buy used books when you can.
- If available, rental textbooks can also reduce costs.

In addition, the same good consumer practices that help you control costs in any retail environment are applicable when purchasing your textbooks. These include understanding the return policy before buying and remembering to save your sales receipts.

As with most issues at UA, faculty engagement is critical to any meaningful solution or effort. Minimizing textbook costs for students is not exclusively a faculty issue – however they have a significant role in the processes that contribute to these costs and without their support and input most actions taken will be less effective. Many of these ideas^{8,9} – and undoubtedly others not listed – are already in practice at UA:

- When choosing a text consider the cost to students.
- Place textbook orders in timely fashion. Place textbook orders before the bookstore book buyback time.
- If supplemental materials are sold with the text, confirm that all parts of the bundle are used for the course. If all components are not used, coordinate with the bookstore to order only what is needed.
- If bundled items are not required in future years, inform the bookstore so that students can sell back the book alone.

⁸ “Report of the College Textbook Policies Advisory Committee”, Commonwealth of Pennsylvania (May, 2012)

⁹ “Report on House Bill 4058 Textbook Affordability”, Oregon Legislature (December, 2012)

- If the decision is made to forego using a commercial textbook for the class, be sure that decision is conveyed early and broadly to students.
- Talk with the bookstore about potential textbook changes early in the process so the bookstore can order adequate supplies of books and obtain as many used books as possible.
- Work with the bookstore to determine the availability of lesser-cost editions of the textbook (e.g. printed on less expensive paper or without color).
- Expand the use of low cost open source textbooks and/or other open source materials.
- Expand the practice of creating individualized learning course-packs from sources already available at campus libraries including eBooks and digital journals.
- Explain to students why specific textbooks are selected for each class and obtain anonymous feedback from students on how the required material did or did not aid their learning.
- Allow multiple editions to be used for a course (particularly introductory level courses).
- Incentivize more cross 'system' collaboration with faculty at other campuses to create course materials and make them available on line.
- Departments should expand the use of (or in some cases consider using) a standard book for all sections of introductory level courses so that used books would have increased resale value and students would receive a higher price for their used books.

Among the many strategies UA could consider, there are at least two that if thoroughly analyzed, properly vetted and appropriately resourced, could reduce textbook costs for students. However, both call for significant investment in both time and money by the university.

A System-wide¹⁰ textbook rental program

As mentioned before, UAA and UAF provide textbook rentals for some courses. At UAF the textbook rental cost (on average) is half that of a purchasing a new textbook.¹¹ The savings is even greater if the rental is a used book. Cutting a student's textbook costs by 50% or

¹⁰ System-wide to denote throughout UA – including community campuses were practical

¹¹ See Appendix A UAF Bookstore Analysis, January 2013

greater is very appealing and the impetus for considering a *system-wide* textbook rental program.

Textbook rental programs were common in the lower 48 in the 1950's but fell out of favor in the 1960's and 1970's.¹² Their current gain in popularity is due to the potential cost savings for students. However, to achieve this cost savings an institution will have to make significant investments. In addition, a rental system requires considerable buy-in from both faculty and administration.

For faculty, system-wide agreement on what texts will be used (and for how long) would be called for. Examples of this practice already exist within an MAU: the Department of Mathematics & Statistics at UAF agrees on the text for Calculus and then stays with that text until an edition change. This type of cooperation would allow for fewer texts for the same courses to be leveraged across all campuses. Since rental systems serve courses with large enrollments offered on a regular and consistent basis, a rental system at UA might be best suited for lower level courses in departments with a large service role.

For its part the administration would have to consider the significant investment in textbooks, storage, delivery and management of the rental system. These are not trivial costs.

However, consider the following example from Eastern Illinois University. Students there are charged a per credit hour fee for the textbook rental. For the academic year 2012-13 that fee is \$9.95 per credit. A student enrolled for 15 credits at Eastern Illinois would pay under \$150.00 for their basic textbooks. For comparison sake, using the data from Figure 2 (a sample of what UA students paid for textbooks this spring) indicates an average of \$386.00 was spent on textbooks.

¹² "An Economic Analysis of Textbook Pricing and Textbook Markets", Dr. James V. Koch, (September 2006)

A System-wide¹³ textbook licensing program

Another strategy for the University to consider involves purchasing the license for a given set of textbooks along with the right to sell the textbook to UA students. This very concept is under consideration at UAA.

Stephen Rollins, Dean of Libraries at UAA, is investigating this strategy for an anatomy and physiology class in Anchorage. As with a rental system, collaboration and buy in from faculty and administration is required. Faculty would again have to agree to use the licensed text for a set period of time; administration would again have to consider significant investments to acquire textbook licenses.

The following is an example of how this licensing strategy could benefit students.

Step 1: faculty in program X agree to use a specific text for Course 101 for the next 4 years.

Step 2: administration negotiates the purchase of the textbook license – (with the right to sell the textbook)– for \$280,000.00.

Step 3: Campuses sell the textbook to 1000 students each year for the intervening four years at \$70.00¹⁴ each. Total revenue \$280,000.00 (4000 students X \$70.00).

Note: the variable price per textbook can be adjusted to maximize the investment or to maximize the savings to students. Producing enough enrollments to take advantage of the investment is not guaranteed. Should fewer enrollments be realized the institution might have to increase the selling price or choose to accept a loss from the initial investment. However since savings for students is the goal – not making the university a profitable bookseller – some level of loss might be acceptable.

There are a number of considerations to either of these strategies. For example, how would the bookstore operations fit with these new processes? UAA and UAS operate their bookstores as auxiliaries in which they are expected (at minimum) to cover their costs. Would centralizing the management of textbooks hurt or help? UAF already outsources their bookstore operations – would they still be able to do so?

¹³ System-wide to denote throughout UA – including community campuses were practical

¹⁴ For comparison: the required text for BIOL A111 Human Anatomy and Physiology at UAA for Spring 2013 costs \$245.45 (new) or \$184.10 (used).

Closing thoughts

This brief report touches on only a few of the issues that surround the cost of textbooks at UA. Undoubtedly there are innovative practices by individual faculty or departments that did not make its way into this report. Perhaps a follow-up to this report would be to inventory and analyze such practices to see if any can be scaled-up to help more students at the university.

While there is concern over the rise in textbook costs nationally, the data represented in this report indicate that for the most part, costs at UA are what might be encountered at other colleges and vary widely due to major, course and level. UA campuses appear to offer practices similar to those other institutions use to keep costs low, most notably selling used books and in at least two MAU's offering rental books. Perhaps more importantly the campuses continue to look at ways to reduce textbook costs to students. For example, UAA is reviewing software which will help staff search for low cost textbooks from the plethora of alternate textbook markets that have sprung up in recent years – i.e. Half.com, Amazon.com, AbeBooks.com, Textbooks.com and many others.

This report does not delve deeply into the role that technology is playing in the textbook discussion. From digital platforms to how students search for materials, technology is changing the textbook landscape. Ten years ago students purchased their textbooks at the campus bookstore – now they shop on-line. Five years ago smart phones were only beginning to appear on the market – today a smart phone has the same capability of a laptop – what will the next ten years bring?

UA is invested in the Strategic Directions Initiative (SDI) – asking why we do the things we do. Might the topic of textbooks find it's way into SDI? Perhaps such focus and attention will help bring more help to students struggling with textbook costs.

Appendix A

Average Textbook Retail Adopted vs. Sold Fall 2010-Fall 2012 UAF Bookstore

	Fall 2010 Adopted	Fall 2010 Sold	Spring 2011 Adopted	Spring 2011 Sold	Fall 2011 Adopted	Fall 2011 Sold	Spring 2012 Adopted	Spring 2012 Sold	Fall 2012 Adopted	Fall 2012 Sold
New	\$81.90	\$76.00	\$84.24	\$76.00	\$85.93	\$85.00	\$84.87	\$83.00	\$85.97	\$89.00
Used	\$58.39	\$53.00	\$59.17	\$53.00	\$59.97	\$50.00	\$57.24	\$52.00	\$57.87	\$57.00
Rental	\$40.95	\$34.00	\$42.12	\$36.00	\$42.96	\$40.00	\$42.43	\$39.00	\$42.98	\$41.00
Digital		\$86.00		\$80.00		\$56.00		\$61.00		\$66.00

Adopted retail = An average of the prices of available course materials in each category (new, used, rental, digital) for the specified semester. Individual course materials adopted at UAF range in price from \$2.50 to over \$300. Many of the more expensive course materials are "bundles" that contain multiple items such as a textbook and an access code or other additional materials.

Sold retail Ave. price of all purchased course materials in each category (new,used,rental,digital) for the specified semester.

Most "Sold" retails are less than "Adopted" retails, meaning that on average UAF students tend to purchase course materials that are on the lower end of the range of available course materials.

Rental Pricing of rental is typically 50% of the new price. Not every title is eligible for rental.

Digital Pricing on digital titles varies from publisher to publisher, discipline to discipline and format to format. It is very difficult to get an adopted price since not every title is available in digital.