

**A Report on the Feasibility of Textbook Rental Programs and Other
Textbook Cost-Saving Alternatives in Illinois Public Higher Education**

**Illinois Board of Higher Education
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EXECUTIVE SUMMARY

Growing apprehension about college affordability has fueled public and legislative interest in seeking remedies to the financial burden many college students face in purchasing textbooks. Eighteen states considered measures to reduce the amount students spend on textbooks in 2006, and Colorado, Connecticut, Virginia, and Washington passed textbook-related legislation. Proposed and adopted legislation has focused primarily on sales tax exemptions, ending the practice of bundling of textbooks with supplementary materials, provisions concerning new editions with few substantive changes, and faculty textbook selection guidelines.

In spring 2006, the Illinois Senate adopted Senate Resolution 692 directing the Illinois Board of Higher Education (IBHE), in conjunction with the Illinois Community College Board (ICCB), to study the feasibility of implementing textbook rental programs at Illinois community colleges and public universities and/or other textbook cost saving alternatives.

IBHE and ICCB surveyed all community colleges and public universities to examine the feasibility of implementing textbook rental programs. Twenty-seven community colleges and 11 public universities responded. IBHE also distributed questionnaires to 49 third-party bookstores and received 10 responses. In addition, the Board sent questionnaires to the Association of American Publishers, Follett Corporation, Illinois Retail Merchants Association, and the National Association of College Stores, all of whom responded to the survey.

The study also involved an extensive review of recent publications concerning textbook prices and cost-saving measures, including studies by the U.S. Government Accountability Office (GAO), various state student public interest groups (PIRGS), and trade associations.

The following entities provided information to IBHE over the course of the study:

- Association of American Publishers, Inc.;
- Barnes and Noble College Bookstores;
- Follett Corporation;
- Illinois Board of Higher Education Faculty Advisory Council;
- Illinois Board of Higher Education Student Advisory Committee;
- Illinois community colleges;
- Illinois Department of Revenue;
- Illinois Department of Commerce and Economic Opportunity;
- Illinois Finance Authority;
- Illinois public universities;
- Illinois Retail Merchants Association;
- National Association of College Stores;
- National Advisory Committee on Student Financial Aid; and
- third-party bookstores.

Findings

- According to the Government Accountability Office (GAO), textbook costs increased 186 percent between 1987 and 2004, an average of 6 percent annually.

- The 2006 survey conducted by IBHE found that the average annual textbook cost to students at community colleges was between \$941 and \$1,027. This range covers the initial cost for textbooks and does not take into account the return students may get from selling their books back at the end of the semester.
- The 2006 survey conducted by IBHE found that the average annual textbook cost to students at public universities was between \$735 and \$891. This range covers the initial cost for textbooks and does not take into account the return students may get from selling their books back at the end of the semester.
- A survey conducted by the IBHE Student Advisory Committee in 2005 found that for a representative course schedule for a first-time, full-time student, the annual cost to buy new textbooks at the University of Illinois at Urbana-Champaign was \$932 if purchased from the university bookstore. The annual cost for used texts for the same representative course schedule was \$699 at the university bookstore. Other surveys have estimated that students pay between \$600 and \$700 annually for textbooks. The 2006-07 edition of The College Board's *Trends in College Pricing* reports that the national average costs for textbooks *and supplies* are \$850 at community colleges and \$942 at public universities.
- Among the most important factors affecting textbook price increases are:
 - Bundling – the practice of packaging supplemental course materials with textbooks for a single price;
 - Publication of new editions – publication and adoption of a new editions with short life cycles; and
 - Textbook adoption practices – the timing of textbook selection by faculty often determines whether bookstores have adequate supplies of used texts for students.
- Approximately 25 institutions nationally offer textbook rental programs (less than 1 percent), including five in Illinois.

Textbook Rental Programs

Approximately 25 colleges and universities in the United States offer textbook rental programs – less than 1 percent of degree-granting institutions. Five public community colleges and universities in Illinois offer full or partial textbook rental programs. After an extensive review of current market trends, textbook rental programs in Illinois, cost estimates, funding options for textbook rental start-up costs, cost-saving alternatives, economic impacts, and legal issues, the Board of Higher Education has concluded that the following considerations would be instrumental to the success of a textbook rental program:

- Mandatory rental fees should be sufficient to cover the annual operating costs of a textbook rental program.
- Since the state's need-based Monetary Award Program (MAP) covers mandatory student fees, additional MAP funding would be needed to ensure that MAP awards shielded low-income students from increased fees.

- Faculty members, administrators, and students must reach a consensus that a textbook rental program is an effective method for reducing textbook costs without adversely affecting quality.
- Start-up costs of implementing a textbook rental program, particularly the cost of inventory acquisition, must be addressed.
- Sufficient storage space must be found or acquired to house the additional textbook inventory that comes with a rental program.
- Textbook adoption policies and procedures must be established.

Based on data supplied by public colleges and universities in response to an IBHE/ICCB survey, the average estimated annual mandatory textbook rental fee at a community college, excluding debt service to repay money borrowed for start-up costs, would be \$337. If textbook rental programs were implemented at public universities, the average estimated annual mandatory textbook rental fee, excluding debt service to repay money borrowed for start-up costs, would be \$305.

TEXTBOOK RENTAL PROGRAM			
	Community Colleges	Public Universities	Total
Estimated Start-Up Cost	\$ 112,891,355	\$ 98,273,087	\$ 211,164,442
Estimated Annual Cost	\$ 64,061,142	\$ 37,623,598	\$ 101,684,740
Estimated Total	\$ 176,952,497	\$ 135,896,685	\$ 312,849,182
Estimated Average Annual Fee Per FTE, Excluding Debt Service	\$ 337.00	\$ 305.00	-
Estimated Average Annual Fee Per FTE, Including Debt Service (Three-Year Schedule)	\$ 581.92	\$ 589.33	-
Estimated Average Annual Fee Per FTE, Including Debt Service (Five-Year Schedule)	\$ 482.52	\$ 473.93	-
Estimated Average Annual Fee Per FTE, Including Debt Service (Seven-Year Schedule)	\$ 430.76	\$ 413.84	-

Options for Alternative Cost-Saving Measures

The IBHE study also examined cost saving alternatives other than textbook rental. Options available to the state, institutional administration and faculty, and publishers include:

State

- Require faculty and staff members to consider the most cost-effective practices in textbook decision making.

- Prohibit community college and public university faculty, staff, and academic departments from receiving payment in exchange for the selection of required textbooks except for compensation or royalties from an instructor's own work.
- Require textbooks to be sold separately when a textbook is sold as a package with other study materials (unbundling).
- Require publishers to provide faculty members with the publisher's price of course materials sold to the bookstore and the revision history of course materials.
- Facilitate website links for students to access book swaps.
- Support a public information campaign to increase awareness among faculty regarding textbook prices and the timely submission of textbook selections.

Administration

- Adopt policies to promote existing book buy-back programs, including encouraging faculty to reuse textbooks and enforcing deadlines for textbook adoption orders to maximize the quantity of used textbooks available to students.
- Place course materials on reserve at academic departments and/or libraries for students.
- Post a list of course materials, including the ISBN number (a universal book identifier) and new and used textbook prices, at least 60 days before classes begin to enable students to comparison shop for textbooks.
- Establish Textbook Advisory Committees to set and enforce textbook profit caps at campus bookstores, new edition adoptions, and other policies.

Faculty

- Adhere to the textbook selection deadline to help ensure an adequate supply of used books is available.
- Place course materials on reserve at academic departments and/or libraries for students.
- Adopt new editions only when changes are determined to be significant by the adopter.
- Offer e-books, e-reserves, i-chapters, and custom books to students.

Publishers

- Provide complimentary copies of selected textbooks to be used in the classroom or library.
- Offer bundled materials as separate items for purchase.
- Provide faculty members with the publisher's price of course materials sold to the bookstore and the revision history of course materials.

Conclusion

Textbook rental programs and alternative cost-saving measures could help reduce the financial burden on students and families from escalating textbook costs. For such efforts to be successful, however, they will need the support of institutional administrators, students, faculty, bookstore operators, and publishers. Some states have found legislative action an effective tool to encourage efforts to curtail textbook costs. State assistance in procuring funds for start-up costs would be vital to the success of textbook rental programs.

INTRODUCTION

Across the nation, the cost of college textbooks is a common and growing concern for students, parents, legislators, administrators, and faculty members. Students are faced with financial constraints that may deter them from purchasing course materials. Parents who pay for their children's education often experience textbook purchases as "piling on" after they have been sacked by tuition, fee, and room and board payments. Faculty and administrators are faced with the pressure of providing quality education while keeping costs down. In many states and at the federal level, legislation has been proposed – and in some instances passed; task forces have been formed; and studies have been undertaken with the goal of reducing students' spending on textbooks without sacrificing educational quality or academic freedom.

Against this backdrop, the Illinois Senate of the 94th General Assembly passed Senate Resolution 692 directing the Illinois Board of Higher Education (IBHE), in conjunction with the Illinois Community College Board (ICCB), community colleges and public universities, to conduct a study of the cost and feasibility of implementing textbook rental programs at community colleges and public universities as well as identifying other textbook cost-saving alternatives. The resolution required the study to examine funding options to cover start-up costs, legislation from other states, the economic impact of rental programs, and cost-saving alternatives to textbook rental programs.

This report addresses the requirements of SR 692. It begins with a survey of recent research on textbook market trends and a summary of recent state and federal legislative activities regarding textbook costs. Next, it reports on existing textbook rental programs in the nation and in Illinois. Finally, it reports on the findings of a study conducted by the IBHE and ICCB on the cost and feasibility of creating new textbook rental programs in Illinois and on potential cost-saving alternatives to rental programs.

THE TEXTBOOK MARKET

Market Issues

The salient consideration in examining the textbook market is the disjuncture between seller and consumer. During a hearing of the U.S. Department of Education's National Advisory Committee on Student Financial Assistance (ACSFA) held in September 2006, Dr. James V. Koch, Professor of Economics and President Emeritus of Old Dominion University, noted: "The textbook market is unusual in that the primary individuals who choose textbooks (faculty) are not the people who pay for them (students)." Consequently, the separation between choice and payment results in price inelasticity, meaning that students have limited ability to respond to increasing costs. Dr. Koch noted that studies have found even a 10 percent increase in price results in only a 2 percent drop in sales.

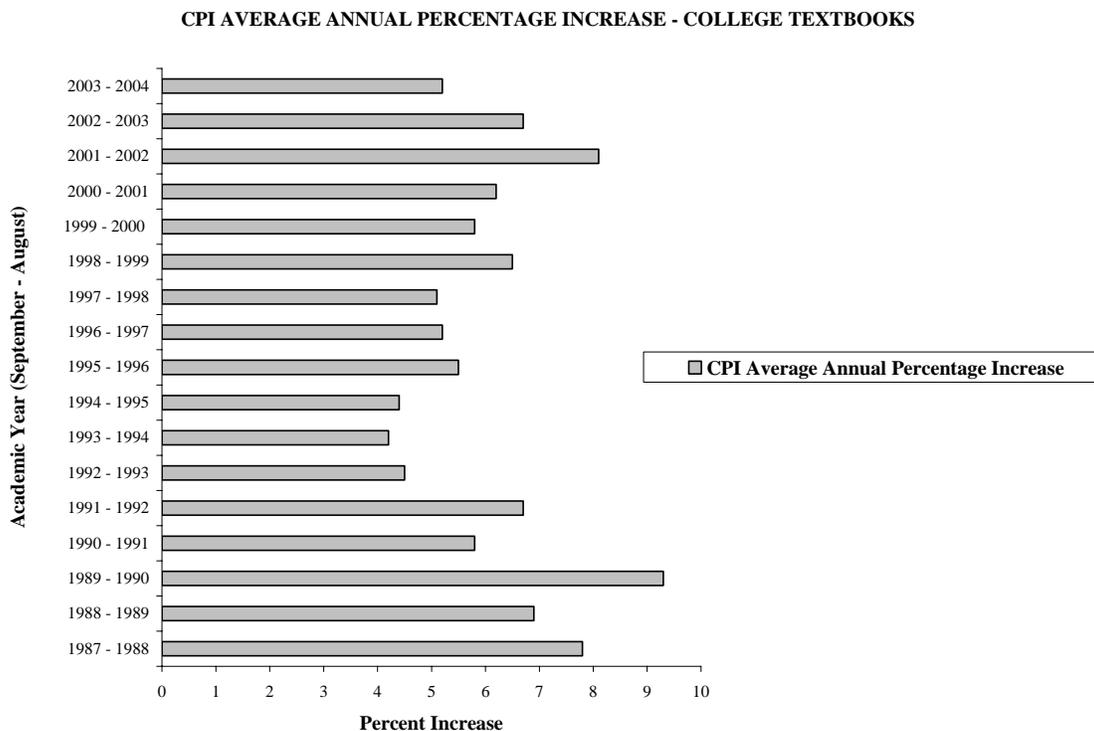
Congressman David Wu of Oregon made the same point when requesting that the ACSFA undertake a study of textbook costs and cost-saving alternatives. Congressman Wu stated that "it's a classic broken market...the professor is making the decision, the publishers and bookstores are setting the prices and the student has no choice in the product" (Powers 2006).

College bookstores are likewise in a unique situation. They have little opportunity to adjust product mix or engage in standard marketing techniques to maximize revenues.

Discounted critical legal studies anthologies are not sacrificed as loss leaders in the hope of getting students in the door to purchase more lucrative inorganic chemistry textbooks. As the National Association of College Stores (NACS) puts it “[u]nlike a traditional retail situation, college bookstores do not decide which textbooks and supplemental materials to stock and sell, rather faculty decide what will be ordered and sold” (National Association of College Stores response to draft report 2006). Bookstores are not powerless, however, as they determine the retail price for the books they offer for sale.

Textbook Costs

According to the U.S. Government Accountability Office (GAO), textbook costs, on average, increased 6 percent annually between academic years 1987 and 2004. (GAO 2005). The following chart provides a historical overview of the average annual percent increase in the cost of college textbooks.



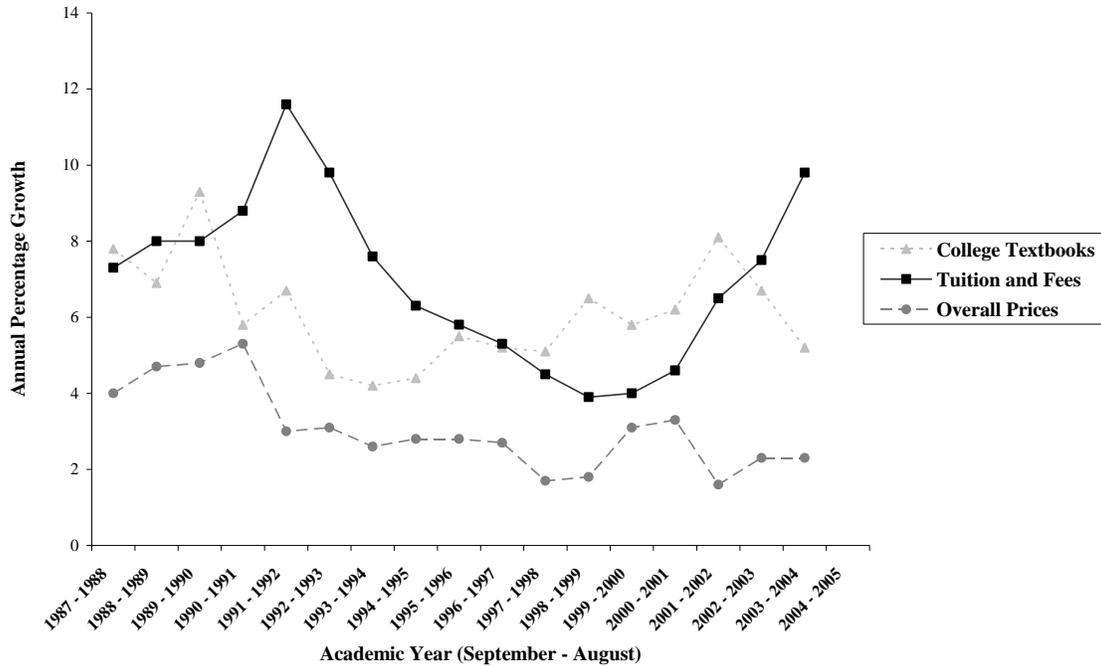
“College textbooks include any book, which, according to the outlet, has been designated by the college, department, or professor, as a required text for a course offered by the college during the academic period. Only new books are priced. Used books are included in the item category’s weight, but are excluded from pricing to avoid the difficulty finding comparable items over time” (U.S. Department of Labor, Bureau of Labor Statistics).

Source: Government Accountability Office 2005

The chart on the following page compares annual changes in the Consumer Price Index (CPI) to annual changes in college textbook prices and tuition and fees. Since 1984, college textbook costs and tuition and fees have outpaced overall prices; however, the annual average

increase in tuition and fees (7 percent) has outpaced increases in both college textbook costs (6 percent) and overall prices (3 percent).

CONSUMER PRICE INDEX AVERAGE ANNUAL PERCENTAGE GROWTH



Source: Source: Government Accountability Office 2005

Pricing

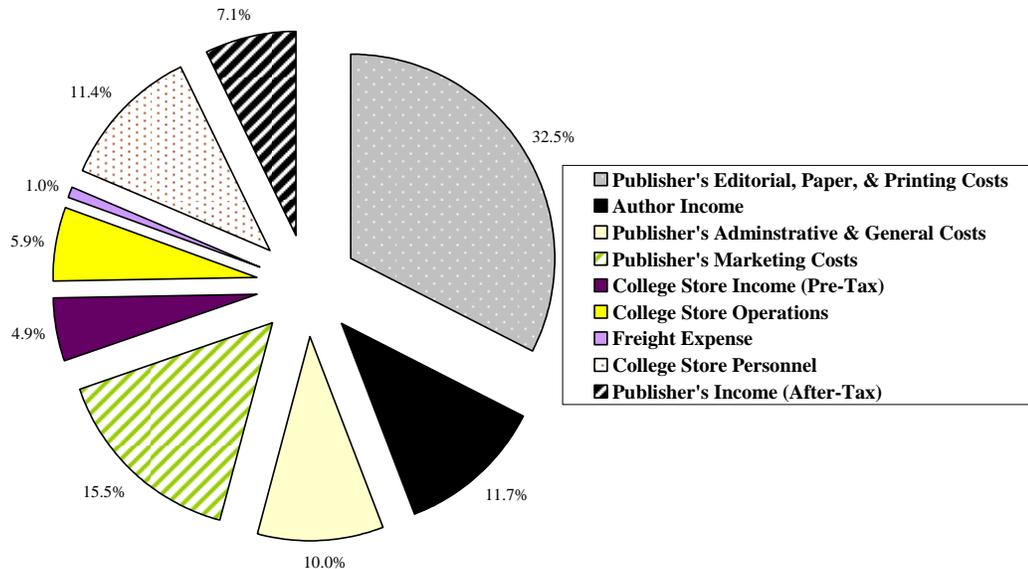
According to the Association of American Publishers and the National Association of College Stores, various factors impact new textbook pricing, including:

- customization;
- integration of materials, such as online tutors and online tests;
- investment, such as intellectual costs;
- marketing, such as sample copies for faculty members;
- options, such as black and white or two-color paperback;
- online books and resources;
- production costs;
- subject; and
- teaching packages.

When selecting textbooks, faculty members generally have multiple options for one textbook. According to the Association of American Publishers, “learning material choices offered for a single course by a single publisher may include, for example, a textbook in 10 or more formats, each at a different price, 10 or 20 optional student supplements, and dozens of optional instructional and management tools for faculty” (Association of American Publishers response to IBHE letter 2006).

“Publishers and authors receive revenue only from the one-time sale of new textbooks and course materials. All money from the subsequent sale of used textbooks goes to the book wholesalers, bookstores and online sellers” (Association of American Publishers response to draft 2007). Nearly 60 cents of every dollar spent to purchase a new textbook covers publishing costs. The chart on the following page exhibits, on average, the distribution of revenue from sales of a new textbook for 2004 – 2005 (National Association of College Stores 2006).

NEW TEXTBOOK DOLLAR DISTRIBUTION

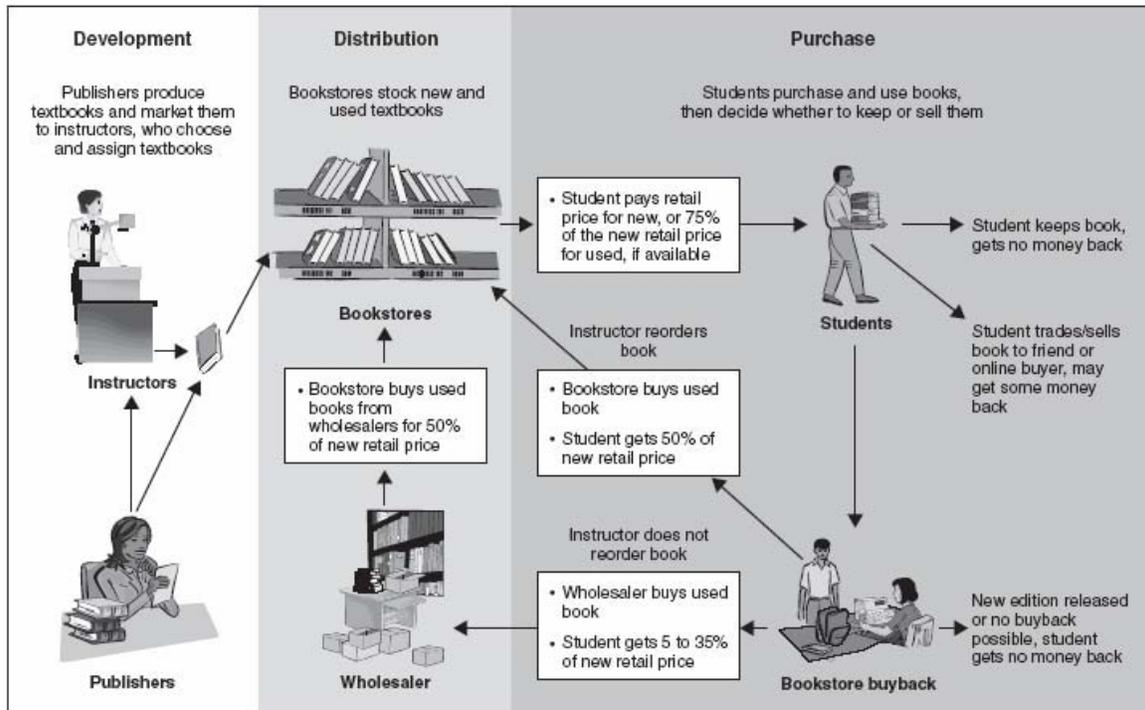


Source: National Association of College Stores 2006

Although the pie chart above provides a general overview, the College Store Income and Publisher's Income are based on pre-tax and after-tax figures, respectively. According to the GAO, in 2005 the average margin – defined as the percentage of the selling price that goes to the bookstore – on new textbooks was 23 percent before expenses and overhead (NACS 2006). The margin is established by the bookstores to cover bookstore costs and to achieve a profit. Generally, 75 cents of every new textbook dollar goes to the publishers. The remaining 25 cents is the margin which is comprised of the bookstore profit, usually 5 cents, and the commission to the institution and operating costs, generally 20 cents.

Life Cycle

The life cycle of a college textbook is a complex process involving various entities and steps. The chart on the following page illustrates the development, distribution, and purchase process of new and used textbooks. The chart highlights the role of textbook buy-back programs in the process of textbook buying, selling, and reselling.



Source: Government Accountability Office 2005

Bundling

Bundling refers to packaging supplemental materials, such as CD-ROMs, consumable workbooks, and access codes to online quizzes and resources, with a required textbook. Students and college bookstores often do not have the opportunity to purchase the textbook separately when course materials are sold as a bundle, or the separately priced course materials may be cost prohibitive. Bundling affects the used textbook market because the practice limits the ability to purchase used course materials and sell back all course materials in the bundled package.

According to the National Association of College Stores, there are three primary issues for college stores regarding the unbundling of course materials. These include:

- whether unbundled options are consistent with faculty adoptions;
- the availability of unbundled materials from publishers and pricing of the individual components; and
- the comparative cost of offering materials bundled or unbundled (NACS response to draft report 2006).

CALPIRG, a public interest advocacy group based in California, reports that bundled textbooks and course materials account for half of all textbook sales. “When a bundled book is available for purchase unbundled...the bundled book is on average, 10 percent more expensive than its unbundled counterpart” (CALPIRG 2005).

CALPIRG reports that students did not have the option to purchase unbundled materials for 55 percent of bundled textbooks studied in its survey (CALPIRG 2005). An Illinois

community college reports that it was seldom offered a choice from publishers to order bundled items separately (IBHE Survey 2006).

In an August 2006 survey of 502 professors at two-year and four-year institutions conducted for the Association of American Publishers, polling firm Zogby International found that 53 percent of respondents required use of supplemental materials in their classrooms, 33 percent recommended that their students use supplemental materials, 12 percent did neither, and 3 percent were not sure what they do with supplemental materials (Zogby 2006). Interestingly, the percentage of faculty requiring textbooks dropped from 87 percent to 81 percent from a similar survey conducted by Zogby International in 2004, while the percentage of faculty requiring the use of supplemental materials increased from 46 percent to 53 percent.

New Editions

While no one would suggest that textbooks should not be kept current with new advances in knowledge and pedagogy, new edition adoptions generally increase student costs because new textbooks are generally more costly than used textbooks. New editions reduce the market on used textbooks because it is more difficult to sell older editions when new editions are adopted.

The amount of time between the release new textbook editions has become shorter. Currently, new editions are generally released every three to five years. The standard 10 to 20 years ago for the release of new editions was generally every four to five years (GAO 2005). Zogby International asked faculty members whether the timing for the release of new editions was “about right, too frequent, or not frequent enough” (Zogby 2004). The faculty members responded:

- about right (48 percent);
- too frequent (35 percent);
- not frequent enough (8 percent); and
- uncertain (9 percent) (Zogby 2004).

There is a strong correlation between the life of a textbook and revenue from sales. The longer the life of a textbook, the lower the revenue generated from sales. A longer life means more used copies are available, thus reducing revenue from sales. According to the GAO, “publishers estimated that in the second year of an edition, they might sell 25 percent to 70 percent of the textbooks that were sold the first year” (GAO 2005).

Textbook Spending

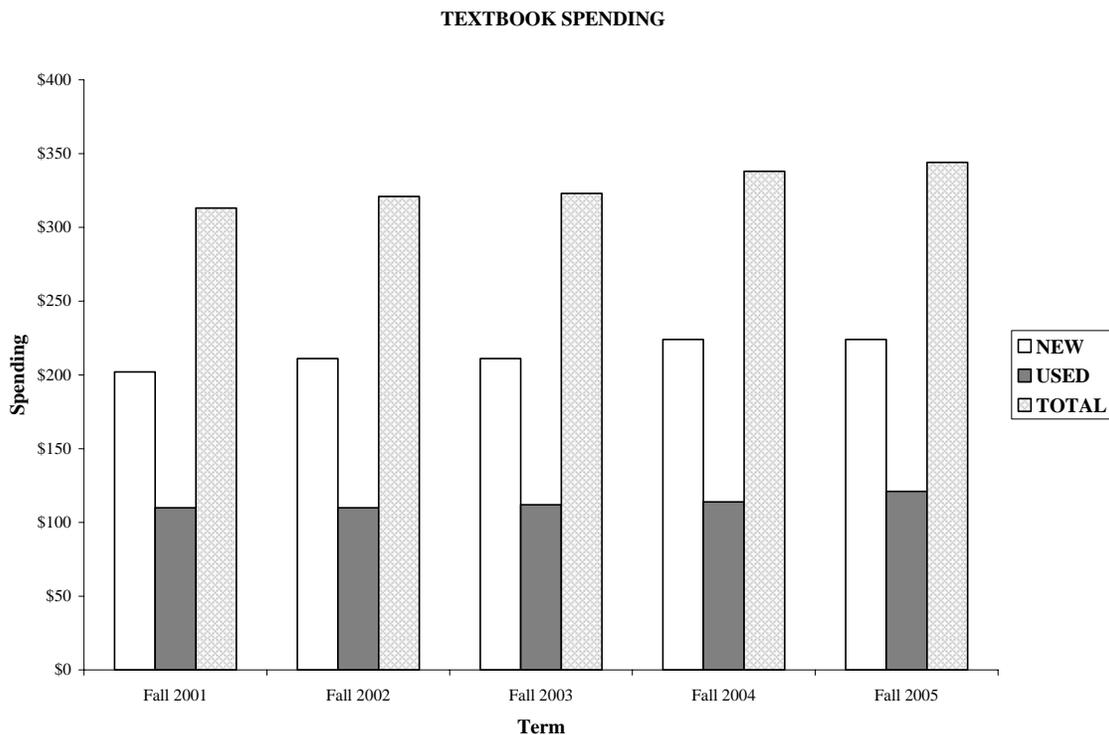
The average total cost students actually pay for textbooks is currently under debate. According to GAO, first-time, full-time students at four-year public institutions spent \$898 on textbooks and supplies during academic year 2003–2004 (GAO 2005).

The 2006 survey conducted by the IBHE found that the average annual gross textbook cost to students at community colleges was between \$941 and \$1,027. These figures are the initial cost for textbooks and do not take into account a student selling back textbooks at the end of the semester. Since the majority of students participate in buyback programs, the final cost would be less for these students. In comparison, if textbook rental programs were implemented at community colleges, the average estimated annual mandatory textbook rental fee, excluding debt service to repay money borrowed for start-up costs, would be \$337.

The IBHE's 2006 survey found that the average annual gross textbook cost to students at public universities was between \$735 and \$891. With the exception of one institution, these figures are for the initial cost of textbooks and do not take into account a student selling back textbooks at the end of the semester. Since the majority of students participate in buyback programs, the final cost would be less for these students. In comparison, if textbook rental programs were implemented at public universities, the average estimated annual mandatory textbook rental fee, excluding debt service to repay money borrowed for start-up costs, would be \$305.

According to the College Board, the 2006-07 national average cost for books *and supplies* at two-year institutions is \$850 and at four-year public institutions \$942. The Midwest averages for books *and supplies* at two-year and four-year institutions are \$817 and \$877, respectively (College Board 2006). Finally, according to the National Retail Federation, students surveyed anticipated spending an average of \$702 annually for textbooks in 2005 (National Retail Federation 2006).

The Student Monitor, a market research service, reports that total textbook spending has seen a slight increase since 2001 (Student Monitor 2006). The table below, taken from the Student Monitor report, illustrates new, used, and total textbook spending per semester among all students from fall 2001 to fall 2005.



Source: Student Monitor 2006

As students are faced with increasing financial constraints, many choose to comparison shop and often turn to online sources, such as Amazon.com. According to the Student Monitor, in spring 2006, 69 percent of students purchased textbooks from on-campus bookstores,

approximately 4 percent less than spring 2005. Freshmen comprised the largest segment of students purchasing textbooks from on-campus bookstores. The number of students who chose to purchase online doubled since spring 2004 from 7 percent to 14 percent. Some types of financial aid, such as certain institutional scholarships, may limit the ability for students to do comparison shopping by providing students with book vouchers to purchase textbooks that generally must be used at the campus bookstore.

Financial Aid

Students' ability to use financial aid to pay for textbook expenses differs by the source of the aid. The State of Illinois' cornerstone student aid program, the Monetary Award Program (MAP), does not permit awards to be used for book purchases; rather, MAP funds may only be used to pay tuition and mandatory fees. Mandatory textbook rental fees, however, are eligible for MAP support. Another state program administered by the Illinois Student Assistance Commission (ISAC), the Silas Purnell Illinois Incentive for Access (IIA) Program, provides MAP-eligible freshman students having a zero Expected Family Contribution (EFC) with an annual \$500 grant that may be used for college costs including textbook charges. In FY2006, 17,821 students received \$7.0 million from this grant program. The FY2007 appropriation is \$8.2 million.

Unlike the Monetary Award Program, awards made to low-income students under the federal Pell grant program can be spent on various college-related costs, including textbook purchases. Nevertheless, despite the support provided by state, federal, and institutional aid sources, many students still face a financial gap or unmet costs. This occurs in large part because neither the maximum Pell grant nor the maximum MAP grant has kept pace with increases in tuition and fees that began around 2002. "The reality is that students have little aid left to cover their textbook costs" (Schroeder 2006).

Used Market

According to GAO, the margin – defined as the percentage of the selling price that goes to the bookstore – on used textbooks was 33 percent in 2005. Bookstores typically purchase used textbooks at 50 percent of the retail price of new textbooks, then sell them to students at 75 percent of the new textbook price. The price a student receives for selling a used textbook depends on whether the textbook has been adopted at the same institution for a subsequent semester. If a textbook has not been adopted at the same institution for a subsequent semester, the textbook is likely to be purchased by the wholesale market, which pays between 5 and 35 percent of the new retail price. If a textbook has been adopted for a subsequent semester, the student will typically receive 50 percent of the new retail price (GAO 2005).

Used textbooks are more economical for students. However, the availability of used textbooks depends on the timing of textbook selection by faculty members and whether the bookstores have sufficient time to place an order for them. Two significant ways to reduce the cost of textbooks, according to the Follett Corporation, are through the promotion of the used textbook market and the timely selection of course materials by faculty members (Follett Corporation response to IBHE letter 2006).

According to the Student Monitor, approximately 69 percent of students in 2006 chose to sell back textbooks at the end of the semester (Student Monitor 2006). Of this number, 79 percent sold textbooks to on-campus bookstores, 20 percent to other students, 18 percent to off-campus

bookstores, 17 percent to friends/relatives, and 9 percent to online bookstores. Students who chose not to sell back their textbooks gave the following reasons for their decisions:

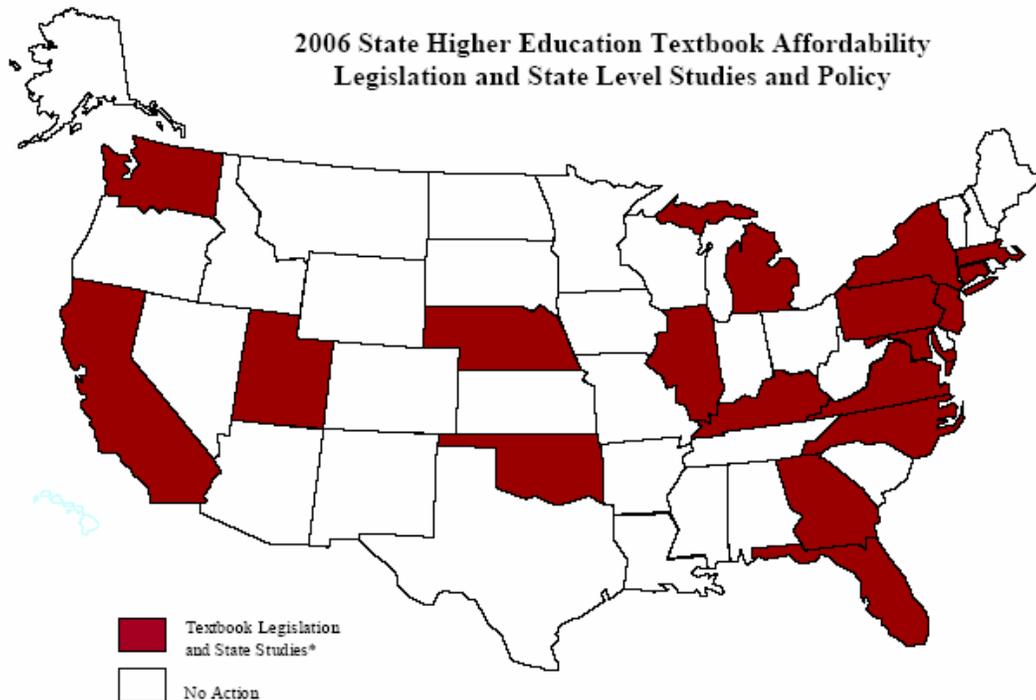
- buyback prices were too low (75 percent);
- student chose to keep all of her/his textbooks (67 percent);
- selling textbooks back was not convenient (61 percent);
- student chose to give textbooks to friends/relatives (51 percent);
- student chose to donate textbooks to organizations (18 percent); and
- student received textbooks from a scholarship (12 percent).

According to the Follett Corporation, in their experience “at least 67 % of students sell at least one book back at the end of each term, and nearly half (44 %) sell all or most of their books back” (Follett Corporation response to draft 2006). Consequently, students choosing to participate in a buyback program will have lower textbook costs.

LEGISLATIVE INITIATIVES ON TEXTBOOK COSTS

Eighteen states considered measures to alleviate the financial burden on students resulting from textbook purchases in 2006, and Colorado, Connecticut, Virginia, and Washington ultimately passed such legislation. Proposed and adopted legislation has focused primarily on sales tax exemptions, ending the practice of bundling of textbooks with supplementary materials, provisions concerning new editions with few substantive changes, and faculty textbook selection guidelines.

The following map, produced by the National Association of College Stores, illustrates which states were involved in legislation, policies, and/or studies regarding textbook affordability in 2006 (NACS 2006). A comprehensive list of proposed legislation is included in the appendix.



*State studies have been completed or underway in CT, GA, IL, NC, VA, and WV.

as of 3/20/06

Colorado

House Bill 1024 was signed into law on June 1, 2006. The law will require the governing board of each higher education institution to consider implementing an online textbook library so students may purchase only materials needed for the applicable coursework. Creation and implementation of the online library is at the discretion of the governing boards. According to the Colorado Legislative Council, House Bill 1024 has no fiscal impact to the state but may have an impact on some institutions.

Connecticut

Public Act 06-103 (HB 5527) was enacted on June 2, 2006. It requires publishers to provide faculty members with the publisher list price of course material sold to college bookstores. In addition, the Act requires publishers to disclose the revision history of course material to faculty members. The Public Act also requires the Board of Trustees of the Community–Technical Colleges, Board of Trustees of the Connecticut State University System, and the Board of Trustees for the University of Connecticut to establish a policy that either requires the distribution of financial aid to students by the first day of the academic term or permits students to use aid not yet disbursed for textbooks at campus bookstores during the first week of the academic term. According to the Connecticut Office of Fiscal Analysis, Public Act 06-103 has no fiscal impact on the state.

Virginia

House Bill 1478 was signed into law on April 4, 2006. The bill requires governing boards of public institutions of higher education to establish guidelines, policies, and procedures that minimize textbook costs while ensuring academic freedom and quality education.

The guidelines to minimize textbook costs include the following five provisions:

1. faculty must submit lists of their required textbooks to the university bookstore in sufficient time to enable the bookstore to find used textbooks;
2. faculty must confirm the intent to use all items ordered before the adoption process is complete, and if the intent is not to use all the bundled items then the bookstore must order the materials separately when it is cost effective;
3. faculty must affirmatively acknowledge the bookstore's quoted retail textbook price;
4. faculty are encouraged to limit the use of new editions when there is not significant changes between editions;
5. policies should include conditions for the availability of required textbooks to students unable to financially obtain the textbooks.

Washington

Washington's House Bill 3087 was enacted June 7, 2006. The Washington Legislature found that bundled materials are "unnecessary" since many students do not use all bundled materials and that many faculty and staff members select course materials "uninformed" of the retail cost and variation between versions. The bill will provide cost-savings on course materials for students at Washington's regional universities, state universities, and the Evergreen State College. According to the Washington Higher Education Coordinating Board, House Bill 3087 will have no fiscal impact to the state. The five primary provisions of the bill are:

1. provide the option of purchasing unbundled materials to students, when possible;
2. disclose the difference between editions to students and faculty;
3. promote and publicize textbook buy-back programs;
4. make retail costs on a per course basis publicly available to students and faculty; and
5. faculty and staff members must consider the least costly practices in assigning course materials.

TEXTBOOK RENTAL PROGRAMS

Existing Rental Programs in the United States

Textbook rental is not a new concept to postsecondary institutions in the United States, though it is the exception rather than the rule. Approximately 25 postsecondary institutions nationwide – less than one percent of degree-granting colleges and universities – currently provide some type of textbook rental to their students. Textbook rental programs vary among the institutions, and the majority of rental programs have been in existence since the inception of the institutions. Among the institutions with textbook rental programs are:

- Allen County Community College (KS)
- Appalachian State University (NC)
- Central Missouri State University (MO)
- Eastern Illinois University (IL)
- Frontier Community College (IL)
- Highland Community College (KS)
- Lake Land College (IL)
- Lincoln College (IL)
- Missouri Southern State University (MO)
- Oklahoma Panhandle State University, Goodwell (OK)
- Rend Lake College (IL)
- Southeast Missouri State University (MO)
- Southeastern Louisiana University, Hammond (LA)
- Southern Illinois University, Edwardsville (IL)
- Taft Community College (CA)
- Three Rivers Community College (MO)
- University of North Alabama (AL)
- University of Wisconsin, Barron County (WI)
- University of Wisconsin, Eau Claire (WI)
- University of Wisconsin, La Crosse (WI)
- University of Wisconsin, Platteville (WI)
- University of Wisconsin, River Falls (WI)
- University of Wisconsin, Stevens Point (WI)
- University of Wisconsin, Stout (WI)
- University of Wisconsin, Whitewater (WI)
- Western Carolina University (NC)

None of the institutions are research institutions as defined by 2000 Carnegie Classifications. (For comparison, the University of Illinois at Urbana/Champaign is designated as a “Research I” institution by 2000 Carnegie Classifications.)

The sizes of institutions that operate a textbook rental program range from roughly 400 students at the University of Wisconsin, Barron County, to 15,000 students at Southeastern Louisiana University, Hammond. According to the National Association of College Stores, the mean number of students participating in a rental program is 6,015. Approximately 71.4 percent of textbook rental programs have been in place since the institution’s founding, while 28.6 percent were adopted after inception (National Association of College Stores 2006).

The mean estimated dollar value of current rental programs is approximately \$2.1 million, and if these institutions had to recreate their rental programs, the mean estimated cost would be approximately \$2.6 million. For rental programs to be cost-effective, institutions need to have a textbook adoption period (the span of time the textbook is to be used) averaging 9 quarters or semesters. Approximately 62 percent of rental programs allow changes with special exceptions and approval from the department chairperson or from the director of book services. Of rental programs responding to NACS, 9.5 percent prohibited changes during the adoption period. Once the adoption period is complete, used materials are sold to wholesalers and students, donated to Third World programs, or disposed of through other means (National Association of College Stores 2006).

According to the National Association of College Stores, 85.7 percent of rental programs are run by an institutional bookstore, 9.5 percent by a college/university library, and 4.8 percent through other arrangements. The locations of rental programs vary – 38 percent of rental operations are separate from the bookstore, 48 percent are within the bookstore, and about 14 percent are in other venues. The average total space devoted to the rental area is 4,348 square feet. Graduate students are eligible to participate in 42.9 percent of rental programs (about 11 institutions), while 33.3 percent of programs exclude graduate students (about 8 institutions), and 23.8 percent of the institutions (about 6 institutions) do not enroll graduate students (National Association of College Stores 2006).

The National Association of College Stores provides a snapshot of current textbook rental programs in the 2006 Textbook Rental Compendium.

Various models of textbook rental programs exist, including:

- comprehensive rental model for majority of course materials (66.7 percent);
- mandatory student participation (33.3 percent);
- limited rental model by grade level or subject (19.0 percent);
- hybrid model where students may rent or purchase (14.3 percent); and
- other (19.0 percent).

Current rental programs are funded by:

- rental fees/fines (90.5 percent);
- book sales (28.6 percent);
- university monies (14.3 percent); and
- other (19.0 percent).

Student fees are collected:

- as part of tuition (61.9 percent);
- when books are rented (33.3 percent); or
- through other means (4.8 percent).

Rental fees are based on:

- per credit hour (33.3 percent);
- other (23.8 percent);
- per course (23.8 percent); or
- one-time fee per term (19.0 percent).

Rental Program Benefits

The potential benefits of textbook rental programs are significant. Among the benefits mentioned by the community colleges and public universities that responded to the IBHE rental feasibility survey are the following:

Cost Savings. Textbook rental programs offer potential cost savings for students and parents. Existing textbook rental programs at Illinois public universities and community colleges cost students less than half of what they would be expected to pay for textbooks at non-rental institutions. Under rental programs, students can easily budget for textbooks, and mandatory rental fees can be covered by MAP awards to low-income students. In contrast, while selling a textbook back at the end of the semester lowers the net cost to the student, the full price of the textbook must be paid at the beginning of the semester, and a favorable sell back is not guaranteed.

Acquisition of Required Textbooks. A 2006 survey by the Student Monitor of 1,200 full-time undergraduates at four-year institutions found that 26 percent of students surveyed did not purchase all required textbooks (Student Monitor 2006). While various reasons were given by the students for not acquiring all required textbooks, many students reported that they could not afford either new or used textbooks. In contrast to purchasing books or other rental models such as book deposits collected on a per-book basis, rental programs funded through mandatory student fees guarantee that all students have access to all required textbooks.

Recruitment and Retention. Rental programs can be effective recruitment and retention tools since the number of public higher education institutions with rental programs is minimal. A textbook rental program could be a deciding factor for students and parents with financial constraints. Eastern Illinois University markets its textbook rental program, which currently costs \$7.95 per credit hour, or about \$240 annually for a student enrolling in 30 credit hours per year, as a scholarship for each student.

Shipping and Handling. Shipping and handling costs may be reduced under a textbook rental program. Institutions without rental programs estimate the quantity of textbooks needed. When an estimate is too low, more textbooks must be ordered and, conversely, when an estimate is too high, textbooks must be returned, thus having an impact on shipping and handling costs.

Environmentally Responsible. Textbook rental programs are environmentally responsible. Utilizing a textbook over the course of an adoption period, generally three to five

years, reduces the amount of paper needed to print additional textbooks. Furthermore, fewer copies of textbooks printed may lead to fewer copies in landfills after they are no longer of value.

Limitations of Rental Programs

While there are many benefits to textbook rental programs, such programs come with significant limitations as well. The following limitations were identified by the institutions that responded to the IBHE survey are the following:

Annotating. Students participating in rental programs are generally prohibited from annotating textbooks. Students who choose to annotate their textbooks are usually required to purchase the textbooks at the end of the semester while still being required to pay the mandatory fee.

Delivery and Retrieval. Institutions with off-campus locations may be negatively impacted by textbook rental programs. Logistics and resources may be difficult and limited in the delivery and retrieval of textbooks. This is especially true for community colleges that may have several locations spread over a large geographical area.

Faculty Concerns About Adoption Periods. Under a textbook rental program, faculty members are required to adopt a textbook for three to five years. The National Association of College Stores indicates that textbook rental programs work best when there is low faculty turnover and when there is willingness of faculty to stay with the same texts for a period of time.

The faculty senate at the University of Illinois at Urbana-Champaign has voted to oppose textbook rental because of “its potential to limit their academic freedom and ability to innovate.” In its response to the IBHE survey, the University noted:

...faculty have spoken clearly and forcefully that requiring them to use the same textbook for a three year period would greatly limit their ability to keep their courses current and fresh. For example, a world politics book selected in August of 2001 would have been immediately out of date after September 11th. And the same is true in biology, chemistry, medicine, etc. where new discoveries change the way we view the world every day. Requiring faculty to teach from a static text for at least three years as the world changes around them is antithetical to higher education.

According to several responses to the IBHE survey, textbook rental programs may become bargaining issues at unionized institutions. Since some faculty members are hired as adjuncts or at the last minute, they would have no input in the selection of the adopted textbook.

Faculty would also have to decide whether they would require students to use access codes for supplemental materials. Access codes allow students to access course materials electronically. In some cases, publishers may not sell access codes separately from new textbooks. Consequently, students would be required to purchase access codes in addition to paying mandatory rental fees.

CURRENT ILLINOIS TEXTBOOK RENTAL PROGRAMS

Five public higher education institutions in Illinois offer textbook rental programs. These institutions are: Eastern Illinois University, Frontier Community College, Lake Land College, Rend Lake College, and Southern Illinois University–Edwardsville.

With the exceptions of Frontier Community College and Rend Lake College, current textbook rental programs at Illinois public institutions have been in existence since the inception of the institutions. Frontier Community College began its program in 1981, and Rend Lake College began its program in the fall of 1998. Fall 2005 full-time equivalent (FTE) enrollment at these five institutions ranged from 591 (Frontier Community College) to 10,753 (Eastern Illinois University). Eastern Illinois University, Frontier Community College, Lake Land College, and Southern Illinois University–Edwardsville charge a mandatory rental fee to students based on credit hours. Rental fees for academic year 2005 ranged from \$6.45 per credit hour (Lake Land College) to \$10 per credit hour (Frontier Community College). A \$28 fee per book plus a \$20 deposit per book is charged to students at Rend Lake College. Although rental terms vary among the four institutions, penalties for actions such as highlighting and late returns are common to all programs.

Textbook rental programs are housed in the bookstore at Lake Land College and Rend Lake College, whereas separate facilities are used at Eastern Illinois University and Southern Illinois University–Edwardsville. Students are allowed to purchase textbooks under all programs; however, there are varying guidelines among the programs. At SIU-Edwardsville, nursing students are required to purchase their nursing textbooks. Eastern Illinois University has a two-year adoption cycle unless the department chairperson and the director of textbook rental services approve a different cycle for a particular course. The remaining programs have a three-year adoption cycle unless by an exception. In addition to a minimum adoption cycle, Lake Land College has a five-year maximum adoption cycle unless by exception.

The chart on the following page demonstrates the similarities and differences among five Illinois textbook rental programs.

	Frontier Community College	Lake Land Community College	Rend Lake College Hybrid Model	Eastern Illinois University	Southern Illinois University - Edwardsville
Start Date	1981	Inception of College	Fall 1998	Inception of University	Inception of University
Enrollment (Fall 05)	767	7,181	4,913	12,129	13,460
Fees	\$10 per credit hour	\$6.45 per credit hour	\$28 per book plus \$20 deposit per book	\$7.95 per credit hour	\$8.55 per credit hour
Rental Terms	A late fee of \$5 per book is charged for books not returned one week after the end of the term. The cost of unreturned books is charged to student accounts.	May be charged for highlighting/writing. A late fee applies if book is returned after deadline. Students must keep book and pay full cost if not returned by subsequent deadline.	Reasonable highlighting is permitted but no writing or other significant damage. Non-returned books are charged to student's account at retail value plus \$10 handling fee minus deposit.	Students purchase textbooks if underlined, highlighted, written in, damaged or show excessive wear. Late fines are \$10.00 per book. If not returned by 5 days after deadline, all textbook and late charges will be billed and no textbooks will be accepted.	Student must purchase book if it is damaged/highlighted/written in. On the Wednesday following finals the student is charged for replacement cost for unreturned books.
Textbook Adoption Cycle	3 years	3 years minimum, 5 maximum unless by exception	3 years unless by exception	2 years or 3 semesters, whichever is longer unless by exception	3 years unless by exception
Guidelines for Faculty		Faculty request for each course. Approved by Division Chair. Requests must fall within budget.		Internal Governing Policy states specifics. \$100.00 per course maximum	More than one text allowed with permission, 40% of classes have multiple books.
Use of Committee		Advisory Committee		Advisory Committee	Advisory Committee
Different Sections of Course	Same text in all sections except for courses where books are purchased.	Same text in all sections unless by exception		Multiple sections and honors sections are considered separate courses when choosing textbooks with the exception of introductory courses.	At least 3 sections for each title
Faculty Require Purchase	Supplements such as lab manuals.	With permission		Through the use of the Supplemental/Student Purchase Item Request with approval by the Department Chairperson and the Director, Textbook Rental Service.	With permission
Rental Space	1500 sq ft	3420 sq ft	1700 sq ft	11800 sq. ft.	7500 sq ft
Location	Bookstore	Bookstore	Bookstore	Separate facility	Separate facility
Size of Inventory	6,200	approx 33,000	15000	approx 210,000	138,110
Value of Inventory	245,000	\$1,650,000	\$680,000	\$7,000,000	\$6,231,689
Purchase Options	Students may purchase texts with discounts according to number of terms used.	During a purchase period or they are billed for the purchase price if they fail to return it.	Student may purchase text instead or can keep rental text for additional fee.	During a purchase period or they are billed a late fee plus the cost of the text if it is not returned.	Texts are sold to undergraduates at cost, with discounts according to length of time in use.
Number of Employees	1 full-time	3 full-time up to 12 temporary/part-time	1 full-time, 2 temporary/part-time	6 full-time, 50 temporary/part-time, up to an additional 60-70 students during distribution and returns.	3 full-time, up to 38 temporary/part-time

COSTS AND FEASIBILITY OF IMPLEMENTING RENTAL PROGRAMS

Methodology

SR692 directed the IBHE to seek input on the cost and feasibility of implementing textbook rental programs from public universities, community colleges, faculty, trade associations, publishers, students, and third-party bookstores. Data were collected from the community colleges and public universities via a survey developed by the IBHE and ICCB. Surveys were sent to all public universities and community colleges, and responses were received from 27 community colleges and 11 public universities. The IBHE distributed a questionnaire to 49 third-party bookstores and received ten responses. All potential respondents were contacted multiple times, as were respondents whose returned surveys were incomplete.

Questionnaires also were sent to the Association of American Publishers, Follett Corporation, Illinois Retail Merchants Association, and the National Association of College Stores, all of whom responded. The IBHE Faculty Advisory Council and the Student Advisory Committee also provided responses. In addition, the Illinois Department of Commerce and Economic Opportunity, the Illinois Department of Revenue, and the Illinois Finance Authority contributed to the report.

The survey's primary focus was on the cost and feasibility of implementing textbook rental programs, but questions extended beyond the primary focus to include other benefits and limitations of rental programs as reported in an earlier section of this report. The survey instruments can be found in Appendix B

Cost

The cost of implementing textbook rental programs at community colleges and public universities is significant. The survey of community colleges and public universities requested estimated start-up costs and annual operating costs. The survey asked institutions to itemize costs relating to:

- advertising/marketing;
- commissions/contract/lease loss;
- computer system/software;
- contingency;
- credit card fees;
- education and orientation;
- employee benefits;
- equipment;
- general administration;
- health insurance;
- inventory;
- operations;
- other;
- personnel (full-time);
- personnel (part-time);
- printing;

- project supervision;
- space;
- supplies; and
- system maintenance.

As a benchmark, Southern Illinois University–Edwardsville completed the itemized financial spreadsheet as though it was recreating its existing textbook rental program. An itemized annual estimate also was provided by SIU-E.

Textbook rental programs can apply to undergraduate and graduate courses. Community college responses to the IBHE survey were based on the implementation of textbook rental programs for undergraduate students only, as were the responses from Northern Illinois University and Southern Illinois University–Carbondale. The response from Governors State University was based on the implementation of a textbook rental program for upper-division undergraduate and graduate students. The responses from Chicago State University, Northeastern Illinois University, and University of Illinois at Springfield were based on the implementation of textbook rental programs for undergraduate and graduate students.

Responses to the request for projected cost data were received from the following 26 community colleges and public universities:

- Black Hawk Community College (Moline)
- Chicago City Colleges (Chicago)
- Danville (Danville)
- William Rainey Harper (Palatine)
- Highland (Freeport)
- Illinois Valley Community College (Oglesby)
- John A. Logan (Carterville)
- Kankakee Community College (Kankakee)
- Kaskaskia (Centralia)
- Lincoln Land (Springfield)
- McHenry County (Crystal Lake)
- Moraine Valley (Palos Hills)
- Rock Valley (Rockford)
- Southeastern (Harrisburg)
- Southwestern (Belleville)
- Spoon River (Canton)
- Chicago State University
- Governors State University
- Illinois State University
- Northeastern Illinois University
- Northern Illinois University
- Southern Illinois-Carbondale
- University of Illinois at Champaign-Urbana
- University of Illinois at Chicago
- University of Illinois at Springfield
- Western Illinois University

Submitted cost data are presented by campus in Appendix D. As most institutions have no direct experience with rental programs, it is important to keep in mind that the information is estimated.

Community Colleges. Based on survey responses, the average estimated start-up cost of a textbook rental program at a community college is \$2.5 million. Estimated start-up costs range from \$454,000 at Kankakee Community College to \$3.9 million at Lincoln Land Community College. City Colleges of Chicago estimate the start-up costs at \$23.1 million; however, since City Colleges of Chicago is a district consisting of seven colleges, the cost is \$3.3 million per individual institution. The total estimated start-up cost of implementing textbook rental programs at the 15 community colleges that provided cost data is \$55.5 million.

All but two of the responding community colleges provided the IBHE with estimated annual operating costs. The estimated average annual cost is \$1.3 million per community college, and estimated annual costs range from \$32,000 at Kankakee Community College to \$3.3 million at Lincoln Land Community College. City Colleges of Chicago estimate total annual costs at \$12.1 million, or \$1.7 million per individual institution. The total annual operating cost at the responding community colleges is estimated to be \$28.4 million.

The itemized table on page 32 provides the estimated average start-up and annual operating costs based on the community college responses. Extrapolating from the returned surveys with complete start-up and annual operating cost information to all community colleges, the estimated start-up cost of implementing textbook rental programs at all community colleges except Frontier Community College, Lake Land College, and Rend Lake College, which currently have rental programs, is \$112.9 million. The estimated annual operating cost of textbook rental programs at all the community colleges is \$64.0 million.

Public Universities. Based on survey responses, the estimated average start-up cost of a textbook rental program is \$10 million per university. Estimated start-up costs at public universities range from \$2 million at Northeastern Illinois University to \$20.2 million at the University of Illinois at Chicago. These estimates appear to be on par with the estimated \$9.8 million start-up costs supplied by Southern Illinois University–Edwardsville for comparative purposes. Using these estimates, the start-up cost to implement textbook rental programs at all the public universities except SIU-E and Eastern Illinois University, which currently have rental programs, is \$98.3 million.

All of the responding public universities provided IBHE with estimated annual costs of operating a textbook rental program. Estimates of annual costs at public universities average \$3.8 million and range from \$748,612 at Chicago State to \$10.9 million at the University of Illinois at Chicago. Using these estimates, the annual cost of textbook rental programs at all the public universities except SIU-E and EIU is expected to be around \$37.6 million.

The itemized table on page 33 provides the estimated average start-up and annual costs of the 10 public university responses.

COMMUNITY COLLEGES - TEXTBOOK RENTAL

	Estimated Average Start-Up Costs	Estimated Average Annual Costs
Advertising/Marketing	\$ 2,091	\$ 1,252
Commissions/Contract/Lease Loss	104,750	92,429
Computer System/Software	29,456	5,267
Contingency	19,545	6,429
Credit Card Fees	8,386	9,403
Education & Orientation	1,182	810
Employee Benefits	37,617	40,567
Equipment	27,185	19,275
Fixtures	8,186	-
General Administration	8,591	6,929
Health Insurance	11,074	12,906
Inventory	1,959,500	865,048
Operation	10,388	15,200
Other	42,372	57,405
Personnel (Full-Time)	160,455	170,690
Personnel (Part-Time)	23,266	22,858
Printing	909	795
Project Supervision	2,955	571
Space	37,000	4,724
Supplies	3,773	3,263
System Design/Testing/Implementation	26,030	-
System Maintenance	-	2,507
Total	\$ 2,524,710	\$ 1,338,328

Source: Institutional Responses to IBHE Survey 2006

PUBLIC UNIVERSITIES - TEXTBOOK RENTAL

	Estimated Average Start-Up Costs	Estimated Average Annual Costs
Advertising/Marketing	\$ 18,092	\$ 10,477
Commissions/Contract/Lease Loss	237,500	153,200
Computer System/Software	54,111	11,200
Contingency	182,142	66,500
Credit Card Fees	23,300	68,150
Education & Orientation	8,900	1,250
Employee Benefits	31,500	9,524
Equipment	71,067	5,250
Fixtures	173,811	-
General Administration	124,600	61,300
Health Insurance	15,160	6,316
Inventory	8,393,373	2,929,848
Operation	170,667	56,000
Other	106,233	11,930
Personnel (Full-Time)	357,571	228,794
Personnel (Part-Time)	62,667	37,491
Printing	10,300	2,010
Project Supervision	30,000	-
Space	597,776	89,971
Supplies	19,333	7,550
System Design/Testing/Implementation	13,000	-
System Maintenance	-	5,600
Total	\$ 10,701,103	\$ 3,762,361

Source: Institutional Responses to IBHE Survey 2006

Space. Inventory storage space was identified as a concern by a majority of institutions. Space needs vary based on the number of students, the number of textbooks allowed per course, the number of courses, and the length of time textbooks are kept in inventory. Nearly all institutions that responded to the IBHE survey indicated that new construction or new leased facilities would be needed to accommodate rental programs as present space used for retail operations is insufficient for a rental operation. One public university expressed a concern that space did not exist on campus to add new facilities. Another university estimated that the cost of an adequate storage facility would be at least \$1.5 million due to the size of its student population and number of course offerings.

Storage may be a greater obstacle for community colleges that operate extension centers or off-campus sites at multiple locations throughout their districts. Students taking courses at the various regional centers would either have to travel to the main campus at the beginning and end of each semester to pick up and return books or the institution would have to transport books to the various sites where little or no extra space may exist. In addition, logistics would have to be worked out to provide rented textbooks to online students.

Not all responding community colleges reported a need for additional space, but the estimated costs of new construction, remodeling, or leased storage space for those colleges that did report a need ranged from \$50,000 to \$200,000. The estimated average initial cost of space, including those colleges that estimated no additional cost for space, was \$37,000 per college. The cost did not include items such as fixtures.

Public university survey responses reported costs of new construction, remodeling, or leased storage space ranging from \$74,710 to \$1.5 million. The cost did not include such items as fixtures. The estimated average initial cost of space, including those who estimated no additional cost for space, was \$597,776.

Loss of Revenue. According to the National Association of College Stores, “college stores returned a median net income of 7.7 [percent] of net sales to their institutions” (NACS response to IBHE letter 2006). In addition, the college stores contributed 5.1 percent of net sales to support various campus activities, such as advertising dollars to school media, alumni activities, donations of merchandise, non-store administrative salaries, rent paid to the institution, scholarship funds, and store revenue paid to institutional account (NACS response to IBHE letter 2006).

Respondents to the IBHE survey reported that their bookstores serve as sources of revenue for their institutions with funds typically being spent on student activities or student union operating expenses. To the extent that the activities funded by bookstore revenues are indispensable, any loss of revenue would have to be recovered through other revenue-generating methods. In the cases of institutions that have contracted with independent companies to operate their on-campus bookstores, the institutions may have to pay additional fees to sever such contracts and would subsequently lose the commissions provided by these companies.

Other Considerations. Although a textbook rental program generally lightens the financial burden on students and parents, in some cases a textbook rental program may cost students more than a traditional purchase system. Under some rental programs, students pay a mandatory rental fee regardless of whether their courses use textbooks. In some rare instances, students may pay more in rental fees if the cost of their textbooks is less than the rental fee. In the rental programs currently in place in Illinois, students typically pay a per credit hour fee.

Under a textbook rental program, each public university would need to develop policies for graduate students. Eastern Illinois University is the only public institution in Illinois to offer a textbook rental program to graduate students. Graduate level textbooks are often more expensive than undergraduate texts and therefore may create a larger financial burden. Upper-division and graduate level courses may be offered less frequently than lower-division undergraduate courses, which may place an additional burden on storage space. In order for the institution to recover the initial cost of these textbooks, the textbooks may have to be used over a longer period of time than the traditional three-year adoption period.

Current Student Textbook Costs and Estimated Rental Fees

Respondents to the IBHE survey were asked to provide information on the:

- estimated textbook adoption cycle required to make a rental program cost effective;
- estimated amount undergraduate students currently spend on textbooks; and
- estimated rental fee per student required to make a rental program cost effective.

Not all institutions provided complete information. The responses are summarized in following charts:

Public Universities – Adoption Cycle and Cost

	Adoption Cycle	Annual Traditional Cost *	Annual Rental Fee Estimate *
CSU	3 years	\$800 - \$1000 (New Textbooks) \$520 - \$650 (Used Textbooks)	-
GSU	3 years	\$600 - \$750	-
ISU	3 years	\$590	\$432
NEIU	2 - 4 years	\$800 - \$1200	\$300
NIU	2 - 3 years	\$478 - \$571 **	\$200 - \$500
SIUC	3 years	\$1,000	-
UIC	3 - 4 years	\$700 - \$900	-
UIUC	2 - 3 years	\$1,000	-
UIS	-	\$800 - \$900	\$300
WIU	4 years	\$800 - \$1000	\$360 - \$450

* Based on 30 semester hours.

** This reflects the net cost (initial purchase price minus buyback refund).

Source: Institutional Responses to IBHE Survey 2006

Community Colleges – Adoption Cycle and Cost

	Adoption Cycle	Annual Traditional Cost *	Annual Rental Fee Estimate *
Black Hawk	3 years	\$800 - \$1,000	-
Chicago City Colleges	-	\$1,500	-
College of Lake County	3 years	\$900 - \$1,200	-
Danville	2 - 3 years	-	\$450
Elgin CC	2 - 3 years	-	-
Harper	3 years	\$1,200	\$240
Heartland	-	\$100 per course	-
Highland	3 - 4 years	\$700 - \$800	\$600 - \$800
Illinois Valley	2 - 3 years	\$900 - \$1,100	-
Joliet Junior College	2.5 - 3 years	\$600 - \$700	-
Kankakee	3 - 5 years	\$900 - \$1,000	\$400
Kaskaskia	4 years	\$600	\$270 - \$450
Kishwaukee	-	\$900 - \$1,000	-
Lewis & Clark	-	\$980	-
Lincoln Land	-	-	\$450
John Logan	4 - 5 years	\$920	\$165 - \$225
McHenry County	3 years	\$1,100 - \$1,500	\$350
Moraine Valley	3 years	\$1,096	\$330 - \$450
Oakton Community College	3 - 5 years	\$1,200	\$240
Parkland	3 - 5 years	\$1,050	\$240 - \$450
Rock Valley	5 years	\$900	-
Carl Sandburg	3 - 5 years	\$1,354	\$450 - \$600
Shawnee Community College	3 years	\$500 - \$600	-
Southeastern	3 years	\$800	\$280
South Western	3 years	\$1,080	\$251
Spoon River	3 - 4 years	\$720	\$600

* Based on 30 semester hours.

Source: Institutional Responses to IBHE Survey 2006

Funding

SR 692 directs the IBHE and ICCB to explore funding options for textbook rental programs. Based on information collected from the community colleges and public universities, the estimated start-up costs of implementing textbook rental programs at Illinois community colleges and public universities would be approximately \$211.2 million, with approximately \$202.0 million going toward textbook inventory. Several of the options could require statutory changes to permit institutional borrowing to finance the purchase of textbook inventory.

Estimated Start-Up Cost		
Community Colleges	\$	112,891,355
Public Universities		98,273,087
<hr/>		
Total	\$	211,164,442
<hr/>		
Source: Institutional Responses to IBHE Survey 2006		

State Appropriations. The State of Illinois could fund textbook rental programs several different ways. First, state appropriations could be made directly to the colleges and universities with no expectation of repayment. Second, the State could set up a grant program, administered by the IBHE or the ICCB or both, for institutions interested in pursuing rental programs. State-funded grants to implement textbook rental programs were proposed in HB 3745 of the 94th General Assembly. Finally, state funds could be used as a source of capital for a revolving loan fund. With the revolving loan fund option, the state would act as the banker, providing a source of low-cost capital to fund the more expensive start-up phase, and ultimately recovering its funds with interest. Depending on the number of institutions choosing to participate in rental programs, this funding option could have a significant financial impact on the State of Illinois.

Illinois Designated Account Purchase Program. The Illinois Student Assistance Commission has been working toward the sale or restructuring of the Illinois Designated Account Purchase Program's (IDAPP) loan assets for some time. A portion of the proceeds from the proposed IDAPP restructuring or sale is obligated to cover fiscal year 2007 appropriations from the Student Loan Operating Fund to the Monetary Award Program and MAP-Plus initiative. With statutory changes, remaining sale proceeds could be made available to cover the start-up costs of implementing textbook rental programs either directly or through the creation of a revolving loan fund. A revolving loan fund could eventually return the initial capital to the Illinois Student Assistance Commission to finance additional affordability initiatives.

Borrowing Under the Public Community College Act. Community colleges would have the ability to cover some start-up costs, though not the cost of the textbooks themselves, through current borrowing authority. Under the Public Community College Act, community colleges could borrow money to build and equip storage facilities. A referendum would be required to approve the bond sale. Bonding for textbook inventory would require statutory change as community colleges currently may borrow money for the following purposes:

building, equipping, altering or repairing community college buildings or purchasing or improving community college sites, or acquiring and equipping recreation ground, athletic fields, and other buildings or land used or useful for community college purposes...(110 ILCS 805).

Borrowing Under the Revenue Bond Act. Public universities in need of storage space to accommodate textbook rental programs could finance structures and equipment through revenue bonds. Revenues required for bonding under the Revenue Bond Act could be generated through a mandatory textbook rental fee. As with community colleges, statutory changes would be needed to extend university revenue bonding authority to textbook inventory. The Revenue Bond Act permits institutions to issue bonds to acquire a project defined as the following:

student residence halls; apartments; staff housing facilities; dormitories; health, hospital or Medical facilities; dining halls; student union buildings; field houses; stadiums; physical education installations and facilities; auditoriums; facilities for student or staff services; and facility or building leased to the United States of America...(110 ILCS 525).

Inventory Bond Issuance. Initial inventory costs could be financed with the assistance of the Illinois Finance Authority (IFA), which could issue bonds under a pledge agreement between the IFA and the individual institutions. Debt service could be based on a three-, five-, or seven-year repayment schedule. The estimated total inventory cost to implement textbook rental programs at all the community colleges and public universities not presently offering a rental option would be about \$202.0 million including a 10 percent contingency factor. The following debt schedule table is based on the market as of October 2006.

	Three-Year Schedule		Five-Year Schedule		Seven-Year Schedule	
Delivery Date	January 1, 2007		January 1, 2007		January 1, 2007	
Last Maturity	September 1, 2009		September 1, 2011		September 1, 2014	
Average Coupon	4.00%		4.00%		4.00%	
Par Amount	\$	202,975,000.00	\$	202,975,000.00	\$	202,975,000.00
Bond Proceeds		202,975,000.00		202,975,000.00		202,975,000.00
Price		100.00		100.00		100.00
Net Interest		15,522,766.67		24,174,966.67		37,409,366.67
Total Debt Service		217,685,866.67		226,338,066.67		239,572,466.67
Average Annual Debt	\$	81,632,200.00	\$	48,501,014.29	\$	31,248,582.61

Institutions could bond as a group and have the same level of credit. Eastern Illinois University, Southern Illinois University–Edwardsville, Lake Land College, and Frontier Community College would not be expected to participate since they have rental programs. Rend Lake College’s rental program is established but limited, hence they could participate if they found it beneficial.

Under a joint IFA issue, institutions would be able to choose from four pre-certified banks. Each institution would be responsible to pay back its portion of debt service and would

have a separate series so that if an institution defaulted, the rest of the series would not be affected.

A mandatory textbook rental fee would be required at each institution to cover debt service costs. This fee would be charged to each student until the debt was retired. Assuming other non-inventory start-up costs were paid from some other funding source, such as state appropriations, institutional reserves or borrowing, or the sale or restructuring of the Illinois Designated Account Purchase Program (IDAPP), the estimated annual debt service costs per full-time equivalent student range from a high of \$284 for community college students on a three-year debt service schedule to a low of \$94 for public university students on a seven-year debt service schedule. When combined with estimated rental fees to cover annual operating costs, total estimated annual costs per full-time equivalent student range from a high of \$589 for public university students on a three-year debt service schedule to a low of \$431 for community college students on a seven-year debt service schedule.

	Three-Year Schedule		Five-Year Schedule		Seven-Year Schedule	
Delivery Date	January 1, 2007		January 1, 2007		January 1, 2007	
Last Maturity	September 1, 2009		September 1, 2011		September 1, 2014	
Average Coupon	4.00%		4.00%		4.00%	
Par Amount	\$	202,975,000.00	\$	202,975,000.00	\$	202,975,000.00
Bond Proceeds		202,975,000.00		202,975,000.00		202,975,000.00
Price		100.00		100.00		100.00
Net Interest		15,522,766.67		24,174,966.67		37,409,366.67
Total Debt Service		217,685,866.67		226,338,066.67		239,572,466.67
Average Annual Debt	\$	81,632,200.00	\$	48,501,014.29	\$	31,248,582.61
Community Colleges Annual Debt		46,530,354.00	\$	27,645,578.15	\$	17,811,692.09
Public Universities Annual Debt	\$	35,101,846.00	\$	20,855,436.14	\$	13,436,890.52
Community Colleges FTE		189,980		189,980		189,980
Public Universities FTE		123,456		123,456		123,456
Community Colleges Annual Fee Per FTE	\$	337.00	\$	337.00	\$	337.00
Public Universities Annual Fee Per FTE	\$	305.00	\$	305.00	\$	305.00
Community Colleges Annual Debt Per FTE	\$	244.92	\$	145.52	\$	93.76
Public Universities Annual Debt Per FTE	\$	284.33	\$	168.93	\$	108.84
Community Colleges Annual Debt and Fee Per FTE	\$	581.92	\$	482.52	\$	430.76
Public Universities Annual Debt and Fee Per FTE	\$	589.33	\$	473.93	\$	413.84

Legal

Several legal issues have been identified that may either impede or preclude the establishment of textbook rental programs. The University Credit and Retail Sales Act (110 ILCS 115), which prohibits state postsecondary institutions from operating a retail store carrying “any line of general merchandise” but does not prohibit sales or services related to “goods which are the result of technological advances since 1980 and are required for assignments or classroom activities” (110 ILCS 115), has been cited as a possible impediment to establishing additional textbook rental programs. The University Credit and Retail Sales Act may not prohibit the establishment of textbook rental programs, but could impact their operations.

The practice of charging students a fee for textbook rental and allowing the students to finance the payment of tuition and fees, including the textbook rental fee, through the institution over an extended period of time may be in violation of the University Credit and Retail Sales Act unless private bookstores were allowed to participate in the system. An institution is only allowed to extend a line of credit to students for textbook rental if third-party bookstores can also rent textbooks to students and allow students to finance the payment of rental fees through the same line of credit extended by the institution. Consequently, this prohibition could significantly impede institutions from efficiently operating a rental program.

Other legal issues may include possible violation of the Robinson-Patman Act – a federal anti-competitive practices law (15 U.S.C.A. 13(a)), issues of digital rights management, and contractual relationships with outside vendors that operate college and university bookstores. As long as publishers do not discriminate in prices charged to bookstores, regardless of whether the colleges and universities operate rental programs or engage in traditional sales, there would likely be no conflict with the Robinson-Patman Act.

According to information provided through the IBHE survey, four universities and at least 15 community colleges in Illinois have contracted with outside vendors such as Follett Corporation and Barnes and Noble College Bookstores to manage bookstore operations. Instituting rental programs before these contracts lapse would have both legal and financial ramifications.

Economic Impact

Impact on Privately Owned Bookstores. Questionnaires were sent to 49 privately owned and operated bookstores that were identified by public universities and community colleges as stores selling textbooks to their students. Follow-up letters were sent to bookstores that did not respond to the initial inquiry. Ten responses were received. Not unexpectedly, one respondent stated: “A textbook rental program would most likely put us out of business.”

Impact on Employment. Textbook rental programs are unlikely to have an effect on employment on public university and community college bookstores as rental programs require full-time and seasonal employees and campus bookstores would continue to sell textbooks for courses not covered (graduate courses, non-credit courses) as well as supplies, materials, and other items typically sold at college bookstores.

As noted above, however, employment would likely be affected at privately owned and operated bookstores. Nevertheless, according to the Department of Commerce and Economic Opportunity (DCEO),

it is unlikely that rental programs would have a significant net impact on employment; employment would probably be shuffled around rather than reduced. It is fair to suggest that there would be “economic dislocations” that would hurt individual stores and employees. Traditionally, DCEO uses models to approach problems of this nature. However, because of the complexity and multiple factors that come into play in textbook rental, we were unable to utilize these models. When the models are not applicable, DCEO usually partners with the University of Illinois. However, we found the University to be a conflict of interest in this situation (DCEO Response to Senate Resolution 692).

Impact on Tax Revenue.

Property Tax. Implementation of a rental program would not have an impact on property taxes. If third-party bookstores near campuses were forced out of business by rental programs, property taxes would still be collected on the property currently occupied by third-party bookstores regardless of their future use (Illinois Department of Revenue).

Corporate Income Tax. Corporate income tax revenue would likely be affected by textbook rental programs. Both independent bookstores operating off-campus and companies, including Follett and Barnes and Noble, that operate on-campus bookstores would likely see their income decline as a result of textbook rental programs. The confidentiality of income tax information precludes an estimate of the potential loss of revenue by the Illinois Department of Revenue.

Sales Tax. A proliferation of rental programs would impact state and local sales tax revenues. Sales tax would not be collected on textbooks in a rental program as the books would no longer be purchased. Following the Illinois Department of Revenue's method for estimating the loss of revenue resulting from a sales tax exemption, rental programs at public institutions not currently offering textbook rental could result in a \$14 million annual decrease in general funds revenues.

COST-SAVING ALTERNATIVES TO TEXTBOOK RENTAL PROGRAMS

As is evident in the legislation from other states presented earlier in this report, various cost-saving alternatives to rental programs exist. These alternatives could be mandated through legislation or adopted by college and university boards of trustees.

Book Buy-Back Programs

Promoting book buy-back programs could be a significant way to reduce textbook costs for students. At the end of the semester, students are able to sell back their textbooks and in return they receive up to 50 percent of the market price. At the beginning of the next semester, these textbooks are then sold to students at approximately 75 percent of the market price. Disposable items, such as access codes and lab and study books, are generally not included in these programs. The buy-back of a textbook is dependent upon the textbook being used the following semester. The adoption of a new edition forecloses the ability to sell back the textbook.

Educating and raising the awareness of faculty members on the correlation between timely textbook adoptions and textbook costs is fundamental to an enhanced buy-back program. Timely textbook adoptions by faculty members increase the number of textbook buy-backs and the number of used textbooks available for the next semester. Enhanced book buy-back programs would have no financial impact to the State of Illinois or to the institutions.

The Association of American Publishers, however, contends that textbook buy-back may have long term implications for textbooks costs. "Fixed costs associated with textbook development must be spread across the number of products sold. With more used textbooks on the market, fewer new textbooks will be sold, which will eventually require publishers to raise the price of texts to cover costs and make a reasonable profit" (Association of American Publishers response to draft 2007).

Book Swaps

Higher education institutions could support student-led book swaps. Institutional support could include advertising, printing, and space. Institutions with third-party contracts may be allowed to organize book swaps but with restrictions, such as prohibiting the use of school e-mail lists.

Community college responses to the IBHE survey reported that there are currently no organized book swaps at the institutions; however, students may advertise on bulletin boards and exchange and sell textbooks among themselves. A public university reported that it supported a book exchange organized by its Student Government Association, including hosting a website (Institution Responses to IBHE Survey 2006). Communication among the book swap, bookstore, and a Textbook Advisory Committee would be instrumental in the success of the book swap.

Financial Aid

The State could increase the amount of financial aid students receive to reduce the financial burden of textbook costs. The Monetary Award Program (MAP) does not currently cover textbooks. In the event institutions across the state adopt a textbook rental model similar to EIU and implement mandatory textbook fees, additional MAP money would be needed to cover the cost of textbooks for low-income students. Another alternative would be to seek additional funding for the Silas Purnell Illinois Incentive for Access Program (IIA) to expand grants beyond students with zero expected family contributions and to students at all class levels, not just freshman. Often, federal financial aid leaves a financial gap between met and unmet costs for students. These alternatives would have a fiscal impact to the State depending upon the increases of MAP and Silas Purnell IIA needed to cover these costs.

Policies for Administration and Faculty Members

Higher education institutions could establish policies and guidelines regarding cost-saving measures for students. This alternative would have no fiscal impact on the State or to the institutions.

Reserves. A set of course materials could be placed on reserve at individual departments and/or libraries. Unless complimentary copies are provided by the publishers, institutions may be unable to meet the cost of this alternative. Publishers could be required via legislation to provide a free copy of selected textbooks to be used in the classroom or library, mirroring a legislative proposal in Massachusetts. To date, Massachusetts has not enacted this proposal. A program similar to the Massachusetts proposal would have no fiscal impact on the State, but could have an impact on institutions, textbook publishers, and students. Individual departments and/or libraries would require additional space to store the copies. The financial burden of requiring publishers to provide complementary copies to institutions could be passed onto students through increased textbook costs.

The ability to have textbooks for public use is often dependent upon timely textbook selection by faculty members. An Illinois community college that places textbooks on reserve for public use noted it is not possible to place textbooks on reserve when faculty make last-minute changes (Institutional Response to IBHE Survey 2006).

Textbook Selection. While acknowledging that colleges and universities may not assign faculty, particularly adjunct faculty, to courses until shortly before classes begin, to the extent possible, the deadline for textbook selection could be moved up and more strongly enforced to help ensure used books are available for purchase. According to one community college, faculty members submitted only 20 percent of their book orders on time to meet the bookstore deadline, and another estimated that only 30 percent of orders were submitted on time (Institutional Responses to IBHE Survey 2006). One Illinois public university responded to IBHE survey as follows:

More than 90% of orders received by the [on campus] bookstore come in well past the preferred due dates. Anywhere from 23 – 40 [percent] of adoptions, depending on the semester, are not submitted to the [on campus] bookstore indicating either that no books are ordered for the class or that the instructor places a text order with a store or source other than the [institution]. This prevents the bookstore from searching out the largest supply of used textbooks from all possible sources (Institution Response to IHBE Survey 2006).

A deadline would allow the institution to post publicly a list of course materials with ISBN numbers, the universal book identifier, in a timely manner. Effective communication among the bookstore and faculty members would assist in meeting the deadline. This alternative would have no fiscal impact on the State or to the institutions.

Public List. A list of course materials, including authors, titles, ISBNs, new textbook prices, and used textbook prices, could be compiled and made public 60 days prior to the beginning of classes. This would allow ample time for students to do comparison shopping. Providing a finalized list 60 days prior to the beginning of class is dependent up the timely submission of course materials by all faculty members.

In addition, if requested by the students, institutions, through syllabi or bookstore information sheets, could advise students on how editions vary. If variation between editions is minimal, students could purchase used copies of prior editions. This is dependent upon the publishers advising faculty members in writing on how editions vary. According to the Association of American Publishers, this information is widely available online and in the forewords of texts (Association of American Publishers response to draft 2007).

While potentially a cost saver for students, the public list alternative could have negative financial consequences for other entities. First, it could lead to a loss of revenue for institutions as more students obtained their textbooks from off-campus sources. Second, it could have negative consequences for on-campus and off-campus bookstores if students were to purchase more textbooks online. Third, this alternative could have negative fiscal consequences for the state as an increase in online purchases could affect sales tax revenue and, in the case of non-institutional bookstores, corporate income tax.

The growing number of students choosing to purchase textbook materials through the internet will affect sales taxes. In the 1992 case of *Quill Corporation v. North Dakota*, the U.S. Supreme Court ruled that whether a state may require an out-of-state retailer to collect and remit tax on its sales to that state's residents depends upon whether the out-of-state retailer has sufficient nexus with that state. It is possible that some out-of-state retailers will lack the nexus that would require them to collect and remit Illinois Use Tax on sales to their Illinois purchasers. In this situation, however, the Illinois purchasers will still incur Use Tax liability on their purchases of out of state textbooks and would have a duty to self-assess their Use Tax liability and remit the amount directly to the Department. Generally, purchasers remit these taxes on an

ST-44 form filed annually at the same time as income taxes. If taxes are not paid in these instances by the Illinois purchasers, there will be a negative impact on revenues (Illinois Department of Revenue).

Textbook Advisory Committee. Higher education institutions could form Textbook Advisory Committees consisting of cross-disciplinary teams of faculty members as well as representatives from administration, the bookstore, and the student body. The committees' mission would be to review the adoption of new textbooks and editions as well as weighing the cost-savings to students while ensuring the quality of textbook selection is not compromised. This alternative would have no fiscal impact on the State and little or no fiscal impact on the institutions.

Payment. Employees of higher education institutions and academic departments could be prohibited from receiving payment in exchange for selecting specific course materials. However, certain exceptions could apply such as royalties in relation to one's written work. This alternative would have no fiscal impact on the State and little or not fiscal impact on the institutions.

Policies for Publishers

Complimentary Copies. Publishers could be encouraged to provide complimentary copies of selected textbooks to be used in the classroom or library. This could ensure every student has access to course materials. This alternative would have no fiscal impact on the State, but may have an impact on the institutions and may increase publishers' costs, which could be passed onto students. Additional storage at the institutions would be required to house the copies.

Cost. Publishers could be required, through legislation or institutional policy, to provide the publishers' net cost of course materials to faculty members in writing. Additionally, the expected textbook life could be provided in writing. Publishers could inform faculty members on the differences between editions. This alternative would have no fiscal impact on the State or to the institutions.

New Editions. Publishers could be required through legislation to inform faculty members in writing how new editions vary from previous editions. This alternative would have no fiscal impact on the State or the institutions. Publishers could also sell supplements to existing editions rather than issue new editions in instances where additions and revisions are minor.

Tax Exemptions

The State could exempt textbooks from sales tax. Such an exemption would benefit students at independent colleges and universities as well as public institutions. College textbooks are currently exempt from sales tax in 18 states and five states do not have sales tax. The Illinois Department of Revenue estimates that a sales tax exemption could cost the State \$27.9 million annually in lost general revenue.

Alternative Formats

Community colleges and public universities could employ more publisher technology to provide cost-saving alternatives, such as e-books, e-reserves, i-chapters, and custom books. These alternatives would no fiscal impact on the State and little or no fiscal impact on the institutions.

According to the Student Monitor, in 2006 the awareness of availability of digital versions from campus bookstores and/or websites grew by 6 percent over 2005. Students who have purchased digital textbooks from campus bookstores or online companies have grown from 4 percent in 2005 to 6 percent in 2006. Students surveyed by the Student Monitor cited the following reasons for choosing to purchase e-books:

- student likes to try new technology (43%);
- e-book/digital version was recommended to the student (40%);
- e-book was less expensive than the printed version (31%); and
- e-book was more convenient than the printed version (9%) (Student Monitor 2006).

Reasons cited by students for not using e-books include:

- student preferred traditional printed textbooks (54%);
- student preferred to purchase used textbooks (22%);
- printed versions were more convenient to purchase (13%);
- e-book was not available (13%);
- student did not own a computer (7%); and
- student was unaware of e-books (7%) (Student Monitor 2006).

E-books. E-books are digital textbooks that students may view electronically over the internet. Approximately 3,000 e-book titles are currently offered by publishers. E-books are less costly because large upfront capital, warehousing, inventorying, and redistribution costs are not required (Schroeder 2006). “In the last year the typical price of digital content (academic) was 20 – 30 percent below the retail price of the printed version (new book)” which does not include associated costs, such as paper and printer. “Since buyback is not an option for digital content, the total cost of ownership is often the highest (most expensive) for digital” (National Association of College Stores response to draft report 2006).

The standard length of time an e-book is accessible is one semester, though standards vary by publisher. According to responses to the IBHE survey, two community colleges and four public universities offer e-books. Another community college previously offered e-books, but ended the practice due to lack of student interest (Institutional Responses to Survey 2006). This alternative would have no fiscal impact on the State and little to no impact on institutions.

Although e-books can be less costly than printed textbooks, they have limitations. For instance, electronic versions available over the internet may have limited accessibility for individuals with disabilities. Also, due to the large amount of data that must be downloaded, broadband connections are highly desirable. Broadband connections, however, may not be accessible in all geographical locations and are usually more expensive than a dial-up connection. These limitations could be addressed through multimedia cd-rom textbooks, which would share the production and materials cost advantages of internet-based e-textbooks.

Freeload Press, a Minnesota publisher, offers free e-books that include advertisements. As with all e-books, Adobe Acrobat Reader is required to download a textbook from Freeload Press. Consequently, the aforementioned limitations are applicable to users of Freeload Press.

The following chart illustrates the cost of e-books versus the cost of printed new textbooks, without a reduction in cost for buy back, for a two-semester freshman load.

TITLE	EBOOK FORMAT *	PAPER FORMAT (NEW)
Fundamentals of Philosophy, 6th Edition David Stewart, H. Gene Blocker	\$36.00	\$72.00
Principles of Macroeconomics, 8th Edition Karl E. Case, Ray C. Fair	\$59.20	\$115.33
Principles of Microeconomic, 8th Edition Karl E. Case, Ray C. Fair	\$59.20	\$115.33
Civilization in the West: Volume I: To 1715, 6th Edition Mark Kishlansky, Patrick Geary, Patricia O'Brien	\$49.80	\$97.33
Gente: Edición norteamericana, 2nd Edition (Elementary Spanish) María Jose de la Fuente, Ernesto Martin Peris, Neus Sans	Unavailable	\$89.60
Conexiones: Comunicación y cultura, 3rd Edition (Intermediate Spanish) Eduardo Azyas-Bazán, Susan M. Beacon, Dulce Garcia	Unavailable	\$82.00
Effective Oral Communication, 2nd Edition Jimmy G. Cheek, Larry R. Arrington, Rick D. Rudd, Max B. McGhee	Unavailable	\$60.60
Biology: Science for Life with Physiology, 2nd Edition Colleen Belk, Virginia Borden	\$55.00	\$115.95
Introduction to Logic, 12th Edition Irving M. Copi, Carl Cohen	\$37.00	\$133.50
* Ebook subscription period is 150 days		
Sources: Barnes and Noble, Prentice Hall, and SafariX		

E-reserves. Electronic reserves, or E-reserves, could be promoted by community colleges and public universities. With the use of a password, E-reserves allow students to access their course readings electronically. Publishers and libraries already have considerable experience providing content to students and faculty through electronic journals and databases. As with subscription-based electronic journals and databases, E-reserves would have a fiscal impact on colleges and universities.

I-chapters. The use of i-chapters could be encouraged by community colleges and public universities. I-chapters allow individuals to purchase electronic chapters of textbooks. Similar to e-books, i-chapters are generally accessible for one semester. A broadband connection is suggested since i-chapters maybe large, thus resulting in a limitation to those without this type of connection. The availability of i-chapters is limited currently since the i-chapter is a relatively new format. In addition, NACS reports that “[T]he total cost of ownership of buying chapters of books individually may be greater than had a student purchased a hard copy of the textbook and sold it at buy-back” (National Association of College Stores response to draft 2006). This alternative would have no fiscal impact on the State and little or no fiscal impact on the institutions.

Custom Books. Custom books enable faculty members to build textbooks based on a variety of selections. Price is contingent upon the length of selections and the quantity of the custom-printed books. Although custom books may be more affordable to purchase than traditional textbooks, the resale market is limited because resale is dependent upon the future use

of the exact custom book. This alternative would have no fiscal impact on the State or to the institutions.

Unbundling

Publishers could be mandated through legislation or institutional policies to offer bundled materials as separate items for purchase. Such a mandate could, however, have unintended effects on bookstores if faculty members were to request bundled materials. Offering course materials bundled – as requested by faculty -- and sold separately – as required by law -- would result in additional inventory, handling, and storage costs at bookstores. Consequently, there would be a fiscal impact on bookstores and, directly or indirectly, institutions if such a mandate did not include a provision for faculty preferences.

The publisher’s net price of course materials bundled and sold separately could be provided to faculty members in writing. This alternative would not have a fiscal impact on the State or to the institutions.

ALTERNATIVES BEING USED IN ILLINOIS

The charts on the following two pages illustrate which alternatives are being used by public universities and community colleges.

Public Universities - Alternatives

	E-book	Custom Books	Public Use	Advisory Committee	Book Swap	Bundling Guidelines	Finance Options
CSU	√	√	75%	√			
GSU	√	√	30%	√			
ISU							
NEIU			limited		√		√
NIU		√	limited	√			
SIUC			5%	√			
UIC			yes			√	
UIUC	√		50-60%	√			
UIS	√		50%				
WIU							√
* Annual cost							
** Per credit hour, except when stated otherwise.							
*** E-books were offered but there was no interest.							
According to the public university responses, no institutions participated in I-Chapters, buy-back consortiums, or purchasing consortium.							

Community Colleges – Alternatives

	E-book	Custom Books	Public Use	Advisory Committee	Purchasing Consortium	Bundling Guidelines	Finance Options
Black Hawk			<5%				
Chicago City Colleges		Limited	√				
College of Lake County			Limited		√		
Danville							
Elgin CC	***		<5%				
Harper	fall 2006						
Heartland				√		√	
Highland	in the future						√
Joliet Junior College			√				
Kaskaskia				√			√
Kankakee							
Kishwaukee			√				
Lewis & Clark							√**
Lincoln Land		√			√		
John Logan			12%				
McHenry County			5%				√
Moraine Valley		√	<5%				
Oakton Community College				√			
Parkland			√				√
Rock Valley				√			
Carl Sandburg					√		
Shawnee Community College							√
Southeastern			5%		√		
South Western		√	√				
Spoon River			Limited		√		√
<p>* Annually, except when stated otherwise. ** Per credit hour, except when stated otherwise. *** E-books were offered but there was no interest.</p>							
<p>According to the Community College responses, no institutions participated in I-Chapters, book swaps, or buy-back consortiums.</p>							

Current Status of Voluntary Faculty Efforts

The IBHE's Faculty Advisory Council reports that Illinois faculty members are currently employing many cost-saving alternatives on their own. Among them are:

- informing students about the availability of used textbooks;
- providing syllabi to students in sufficient time to allow comparison shopping;
- rejecting textbooks that inflate costs by bundling workbooks, [CD-ROMS], DVDs and other add ons;
- selecting the least expensive editions;
- utilizing custom publishing;
- utilizing library and electronic reserves; and
- utilizing electronic texts.

It is important to note that these practices have not been mandated by community colleges or public universities. Community colleges and public universities may want to consider broad adoption of the best practices from the list above.

Third-Party Bookstore Recommendations for Addressing High Textbook Costs

The third-party bookstores, which cited bundling, new editions, and slow faculty adoption rates as the primary culprits behind rising textbook prices, provided recommendations to reduce cost as well as. Respondents' recommendations to reduce costs to students include:

- discouraging publishers from bundling materials when materials are not required;
- enacting a 3-to-5-year mandatory shelf life for all books that do not have crucial yearly information updates;
- requiring faculty members to collaborate with book suppliers to ensure the availability of used textbooks;
- requiring faculty members to publicly post a list of required textbook with sufficient lead time to enable to comparison shop; and
- encouraging institutions to establish rules on the frequency of new edition adoptions.

CONCLUSION

Affordability of college is a constant concern for students and their parents and an ongoing challenge for higher education administrators, faculty, and policymakers. An issue of notable persistence in recent years has been the rising cost of textbooks and other required course material. Some states have reacted with legislation, others with studies. Congress has directed the Government Accountability Office and the Advisory Committee on Student Financial Assistance to investigate the driving force behind the cost of textbooks and what can be done to make them more affordable to students. Within the past three years in Illinois alone, the Board of Higher Education, the Governor's Office, and the IBHE's Student Advisory Committee each have issued reports on textbook costs and options to reduce them.

This study of the feasibility of textbook rental programs and other cost-saving options was mandated by passage of Senate Resolution 692 in the spring 2006 legislative session. The, Illinois Board of Higher Education (IBHE), in conjunction with the Illinois Community College

Board (ICCB), surveyed all community colleges and public universities, distributed questionnaires to 49 third-party bookstores, and sent questionnaires to the Association of American Publishers, Follett Corporation, Barnes and Noble College Bookstores, the Illinois Retail Merchants Association, and the National Association of College Stores. A draft report was sent to all public colleges and universities and other interested parties in early December for their review, as well as posted on the IBHE website for public comment.

This study concludes that a statewide textbook rental program for public colleges and universities would reduce costs for students and yield other benefits, such as ensuring that all students have access to required books and materials. The study further documents that rental programs could be financially feasible if – a *big* if – funding for the very substantial initial start-up costs is secured. However, beyond the formidable financial obstacles, certain barriers and limitations would likely restrict the practicability of universal rental programs, including issues of faculty acceptance, academic freedom, access to textbooks for online and off-campus students, among others. In any event, the study demonstrates that to be successful, textbook rental programs require:

- mandatory student fees to support ongoing operations (and perhaps debt service),
- consideration of increased student financial aid for low-income students,
- consensus among administrators, faculty, and students that a textbook rental program can reduce students costs without sacrificing academic quality,
- substantial investment to cover start-up costs,
- adequate storage space for textbook inventories, and
- agreement on textbook adoption policies and time frames.

A potentially more practical path for addressing textbook costs might consist of other cost-saving measures explored by this study. Among the options available to the state, to institution administrators and faculty, and to publishers are:

- Placing required textbooks on reserve at campus libraries, department venues, electronic storage, or via CD-ROMs.
- Promoting textbook buy-back programs so students can resell textbooks and have less expensive used texts available for purchase. This would entail an education campaign or requirement for faculty to make timely textbook adoption decisions.
- Prohibiting faculty or academic departments from pecuniary benefits from textbook selection.
- Requiring that textbooks and optional supplementary materials be sold separately, rather than “bundled” into a package at increased cost to students.
- Facilitating student book swaps on campuses and between institutions.
- Discouraging adoption of new editions with few substantive changes from old editions.
- Eliminating the sales tax on textbooks.
- Publicizing information about textbooks in a timely manner to enable students to comparison shop for required materials.
- Creating campus textbook advisory committees, comprised of students, faculty, and administrators, to oversee policies relating to adoption of textbooks.

Textbook rental programs and alternative cost-saving measures can help reduce the financial burden on students and families from escalating textbook costs. For such efforts to be successful, however, they will need the support of institutional administrators, students, faculty, bookstore operators, and publishers. State assistance in procuring funds for start-up costs would be vital to the success of textbook rental programs.

APPENDICES

APPENDIX A

Senate Resolution 692

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SENATE RESOLUTION NO. 692

1

2 WHEREAS, Postsecondary education is increasingly an
3 essential credential for success in the modern economy; and

4 WHEREAS, Affordability of a college degree is a growing
5 concern to students, families, and State policymakers; and

6 WHEREAS, The cost of textbooks is a substantial and
7 escalating burden for students; and

8 WHEREAS, Other states have undertaken legislative and
9 administrative measures to curtail the rising expense of
10 textbook purchases; therefore, be it

11 RESOLVED, BY THE SENATE OF THE NINETY-FOURTH GENERAL
12 ASSEMBLY OF THE STATE OF ILLINOIS, that the Board of Higher
13 Education, in conjunction with the Illinois Community College
14 Board and public universities and community colleges, shall
15 conduct a thorough and comprehensive study of the cost and
16 feasibility of implementing textbook rental programs at public
17 universities and community colleges; and be it further

18 RESOLVED, That the Board of Higher Education shall explore
19 the feasibility of various funding sources to establish a
20 revolving fund to finance start-up costs for textbook rental
21 programs at public universities and community colleges; and be
22 it further

23 RESOLVED, That the Board of Higher Education shall examine
24 measures considered or adopted in other states, including the
25 unbundling of software or other supplementary materials from
26 the sale of textbooks; the public listing of titles, prices,
27 and ISBN numbers of required textbooks; and the disclosure of
28 textbook costs to faculty; and be it further

1 RESOLVED, That the Board of Higher Education shall
2 investigate the potential for technology to reduce textbook
3 costs, including online book swaps, an electronic
4 clearinghouse for the purchase of textbooks, and e-book
5 alternatives to published textbooks; and be it further

6 RESOLVED, That the Board of Higher Education shall, for
7 each of the issues set forth for investigation in this
8 resolution: (1) solicit and report in its findings the views of
9 private entities that currently operate bookstores either on
10 behalf of or independent of one or more public universities or
11 community colleges in this State, including, but not limited
12 to, the National Association of College Stores, the Illinois
13 Retail Merchants Association, Follett Higher Education Group,
14 and other entities operating as campus bookstore managers; and
15 (2) solicit and report the views of textbook authors and
16 publishers, including, but not limited to, the Association of
17 American Publishers, the Association of American University
18 Presses, postsecondary textbook publishers, and faculty
19 representatives; and be it further; and

20 RESOLVED, That the Board of Higher Education, the
21 Department of Revenue, and the Department of Commerce and
22 Economic Opportunity shall thoroughly assess and report in the
23 Board of Higher Education's findings the economic impact that
24 current textbook purchasing arrangements and that a textbook
25 rental program and other cost-saving alternatives would have on
26 public universities and community colleges, State government,
27 local governments, students, and private entities that
28 currently operate bookstores either on behalf of or independent
29 of one or more public universities or community colleges in
30 this State; and be it further

31 RESOLVED, That the Board of Higher Education shall report
32 its findings and recommendations to the chairpersons of the
33 Higher Education and Appropriations III Committees of the

1 Senate no later than January 15, 2007; and be it further

2 RESOLVED, That suitable copies of this resolution be
3 delivered to the Governor, the chairperson of the Board of
4 Higher Education, the chairperson of the Illinois Community
5 College Board, and the president of each public university and
6 community college in this State.

APPENDIX B

Textbook Study Timeline - 2006

- April**
- IBHE met with the Association of American Publishers.
- May**
- IBHE and ICCB developed draft surveys for trade associations, community colleges, public universities, publishers, and third-party bookstores.
 - IBHE and ICCB sent a draft survey to community colleges and public universities for review.
- June**
- BHE and ICCB met to revise the institutional survey based on comments received from the colleges and universities.
 - IBHE met with representatives of the Follett Corporation.
 - IBHE site visit to Southern Illinois University–Edwardsville textbook rental program.
- July**
- IBHE sent letters and surveys to associations, publishers and third-party bookstores.
 - IBHE and ICCB sent letters and surveys to community colleges and public universities.
 - IBHE site visit to Lake Land College textbook rental program.
 - IBHE met with the Illinois Finance Authority to discuss financing options for rental programs.
- September**
- IBHE met with the IBHE Faculty Advisory Council.
 - IBHE met with staff from the Illinois Department of Commerce and Economic Opportunity.
- October**
- IBHE provided a study briefing to the IBHE Student Advisory Committee.
 - IBHE sent follow-up letters and surveys to third-party bookstores.
- November**
- IBHE provided a study briefing to the House Higher Education Committee.
- December**
- IBHE staff presented the draft report to the members of the IBHE for review and comment.
 - IBHE sent letters informing associations, community colleges, participating state agencies, public universities, and publishers about the textbook draft and public comment period.
 - IBHE staff and Illinois students, including the ISAC student commissioner and the IBHE student board member, were invited to make presentations and participate in the Chicago hearing of the U.S. Department of Education’s National Advisory Committee on Student Financial Assistance.
 - The draft report was placed on IBHE website for public comment. While the posted closing date for comments was December 29, 2006, comments were accepted through January 10, 2007.

APPENDIX C

Textbook Surveys – Community Colleges and Public Universities, Third-Party Bookstores

Campus:

Contact Name and Position:

Contact Phone:

Contact E-mail:

Textbook Rental:

1. Please describe foreseeable benefits of a textbook rental program.
2. Please describe foreseeable costs of operating a textbook rental program at your institution.
3. Please describe any contract and/or lease agreements that may be impacted by a textbook rental program.
4. Please provide the names of any local bookstores providing textbooks to students enrolled at your institution.
5. Do you believe it would be feasible to have a textbook rental program exclusively for general education courses?
6. Please describe how a textbook rental program might be affected by faculty contracts.
7. Please describe storage issues arising from a textbook rental program.
8. Please estimate the numbers of years a textbook would have to be used to justify the cost under a textbook rental program.
9. Please describe any foreseeable legal issues related to a textbook rental program.
10. Please describe the impact a textbook rental program may have on enrollment.
11. Please describe the impact of a textbook rental program on students.
12. Please describe the impact of a textbook rental program on employment at your institution.
13. Per semester, what is the average cost to full-time undergraduate students of textbooks purchases?
14. Please describe plans your institution has considered related to a textbook rental program.

Funding:

1. Please provide an itemized spreadsheet with estimated start-up costs and estimated annual costs of a textbook rental program at your institution. For your convenience, the following table includes cost areas submitted by institutions to IBHE in 2004. Please be as specific as possible.

ESTIMATED START-UP COST	ESTIMATED ANNUAL COST
Advertising/Marketing	Advertising/Marketing
Commission/Contract/Lease Loss	Commission/Contract/Lease Loss
Computer System/Software	Computer System/Software
Contingency	Contingency
Credit Card Fees	Credit Card Fees
Education & Orientation	Education
Employee Benefits	Employee Benefits
Equipment	Equipment
Fixtures	-
General Administration	General Administration
Health Insurance	Health Insurance
Inventory	Inventory
Operation	Operation
Other (Itemized)	Other (Itemized)
Personnel (Full-Time)	Personnel (Full-Time)
Personnel (Part-Time)	Personnel (Part-Time)
Printing	Printing
Project Supervision	Project Supervision
Space	Space
Supplies	Supplies
System Design, Testing & Implementation	-
-	System Maintenance

2. Please provide bookstore revenue and expenditures for the past five years. To the extent possible, please segregate textbook revenue, cost of sales and net revenue from all other sales, costs, and revenues.
3. How might a textbook rental program impact your institution's revenue stream?
4. If the revenue stream is negatively impacted, please describe how the revenue lost might be compensated.
5. What might the foreseeable fee rate be for a textbook rental program?

Other Textbook Cost-Saving Measures:

Please include in your responses any limitations associated with the following alternatives to a textbook rental program.

1. Are textbooks available for public use at the library? If so, what percent of required textbooks are available at the library?
2. Are textbooks available for public use at the academic departments? If so, what percent of required textbooks are available at the academic departments?
3. Please describe provisions or practices related to the use of new editions at your campus.
4. Does your institution have a Bookstore Advisory Committee? If so, what is the structure and objectives of the Committee?
5. Does your institution offer a book swap? If so, how does the book swap operate?
6. Does your institution participate in a buy-back consortium? If so, how does the consortium operate?
7. Does your institution participate in a purchasing consortium? If so, how does the consortium operate?
8. Please describe bundling guidelines for faculty when selecting textbooks.
9. Please describe price and textbook selection guidelines for faculty at your institution.
10. Please describe the deadline faculty adhere to when submitting textbook lists to the bookstore.
11. Please describe incentives for faculty to create low cost course materials?
12. Please describe any other cost-savings measures used by your institution regarding textbooks, i.e. E-Books.
13. Please describe textbook finance options available to students.

Textbook Survey – Third Party Bookstores

Bookstore Name:

Bookstore Address:

Contact Name and Position:

Contact Phone:

Contact Email:

Please respond to the below questions (#1 - #5) with separate figures for 2001 and 2006.

1. How many textbooks did your bookstore sell?
2. Of total books sold, what percent were new textbooks?
3. Of total books sold, what percent were used textbooks?
4. Of total books sold, what percent were bundled?
5. Of total books sold, what percent were sold back to your store?
6. Does your bookstore participate in a book swap?
7. Please describe textbook finance options currently available to students.
8. Currently, how many full-time employees are employed at your bookstore?
9. Currently, how many part-time employees are employed at your bookstore?
10. Describe advantages and disadvantages of bundling.
11. Which institutions of higher education are served by your bookstore?
12. Excluding college students, does your bookstore serve other populations?
13. Excluding textbooks, does your bookstore provide other services?
14. How would a textbook rental program impact your bookstore and local community?
15. Has your bookstore considered offering a textbook rental program?

APPENDIX D

Estimated Start-Up Cost – Community Colleges

Estimated Start-Up Costs Community Colleges																
	Black Hawk College	City Colleges of Chicago	Danville Area Community College	William Rainey Harper College	Higland Community College	Illinois Valley Community College	Kankakee Community College	Kaskaskia College	Lincoln Land Community College	John A. Logan College	McHenry County College	Moraine Valley Community College	Rock Valley College	Southeastern Illinois College	Southwestern Illinois College	Spoon River College
Advertising/Marketing	\$ -	\$ -	\$ 2,000	\$ 7,000	\$ 1,000	\$ 2,500	\$ 5,000	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ 8,500	\$ -	\$ 1,000	\$ 10,000	\$ 5,000
Commissions/Contract/Lease Loss	15,000	1,400,000	-	24,000	-	63,000	-	2,500	-	-	-	-	300,000	40,000	460,000	-
Computer System/Software	-	280,000	10,000	-	10,000	5,000	10,000	20,000	18,160	2,880	12,000	40,000	-	30,000	150,000	60,000
Contingency	-	-	-	200,000	50,000	20,000	-	-	-	-	-	-	150,000	10,000	-	-
Credit Card Fees	-	105,000	-	38,000	5,000	-	-	2,000	-	-	-	-	21,000	5,000	500	8,000
Education & Orientation	-	-	-	1,000	2,000	5,000	-	500	-	-	-	-	-	5,000	10,000	2,500
Employee Benefits	-	759,500	-	4,300	1,000	500	-	-	3,573	-	-	-	38,644	-	11,365	8,700
Equipment	-	350,000	-	12,000	50,000	5,000	1,500	3,000	15,610	2,455	3,000	65,000	73,000	10,000	2,500	5,000
Fixtures	-	-	2,000	-	25,000	10,000	-	25,000	30,422	675	-	17,000	20,000	10,000	15,000	25,000
General Administration	-	70,000	-	10,000	-	10,000	-	2,000	-	-	-	-	50,000	40,000	2,000	5,000
Health Insurance	-	-	-	94,300	24,000	15,000	-	2,600	30,200	-	-	18,720	-	6,000	44,100	8,700
Inventory	2,000,000	17,500,000	1,000,000	2,000,000	260,000	2,000,000	425,000	900,000	2,724,000	1,800,000	1,500,000	3,200,000	1,000,000	1,500,000	4,500,000	800,000
Operation	-	-	-	6,200	-	2,000	-	8,333	-	-	-	-	-	-	12,000	200,000
Other (Itemized)	-	-	-	-	-	-	-	-	682,176	-	-	-	150,000	100,000	-	-
Personnel (Full-Time)	-	2,170,000	-	520,000	55,000	25,000	-	2,916	195,000	111,690	-	70,000	110,412	25,000	203,000	42,000
Personnel (Part-Time)	-	-	5,000	155,000	25,000	10,000	-	5,833	40,386	-	20,000	-	95,000	16,000	119,625	20,000
Printing	-	-	-	8,000	3,000	4,000	500	1,500	-	-	500	-	-	500	1,000	1,000
Project Supervision	-	-	-	20,000	10,000	10,000	-	-	-	-	-	-	-	-	25,000	-
Space	-	84,000	-	-	50,000	20,000	-	75,000	200,000	-	-	200,000	-	-	135,000	50,000
Supplies	-	35,000	-	14,000	10,000	3,000	2,000	2,500	4,500	-	-	-	-	1,500	10,000	500
System Design, Testing/Implementation	-	350,000	-	20,850	50,000	15,000	10,000	18800*	-	-	-	8,000	-	-	100,000	-
	\$ 2,015,000	\$23,103,500	\$ 1,019,000	\$ 3,134,650	\$ 631,000	\$ 2,225,000	\$ 454,000	\$ 1,074,482	\$ 3,944,027	\$1,917,700	\$ 1,537,500	\$ 3,627,220	\$ 2,008,056	\$ 1,800,000	\$ 5,811,090	\$1,241,400

* Includes maintenance

Estimated Annual Cost – Community Colleges

Estimated Annual Costs Community Colleges																
	Black Hawk College	City Colleges of Chicago	Danville Area Community College	William Rainey Harper College	Highland Community College	Illinois Valley Community College	Kankakee Community College	Kaskaskia College	Lincoln Land Community College	John A. Logan College	McHenry County College	Moraine Valley Community College	Southeastern Illinois College	Southwestern Illinois College	Spoon River College	
Advertising/Marketing	\$ -	\$ -	\$ 1,000	\$ 5,800	\$ -	\$ 1,000	\$ -	\$ 4,000	\$ -	\$ -	\$ 2,000	\$ 6,000	\$ 2,000	\$ 2,000	\$ 2,500	
Commissions/Contract/Lease Loss	15,000	1,400,000	-	-	-	21,000	-	5,000	-	-	-	-	40,000	460,000	-	
Computer System/Software	-	21,000	-	-	2,000	2,500	1,000	-	14,160	-	-	2,000	50,000	15,000	3,000	
Contingency	-	-	-	65,000	50,000	10,000	-	-	-	-	-	-	10,000	-	-	
Credit Card Fees	-	105,000	-	38,000	5,000	-	-	8,000	-	7,462	-	-	10,000	16,000	8,000	
Education & Orientation	-	-	-	1,000	1,000	2,500	-	500	-	-	-	-	7,000	2,500	2,500	
Employee Benefits	-	797,475	20,000	4,300	1,000	500	5,000	-	3,573	-	-	-	-	11,365	8,700	
Equipment	-	350,000	-	8,000	2,000	2,500	-	3,000	16,032	-	1,000	4,500	15,000	750	2,000	
General Administration	-	73,500	-	10,000	-	5,000	-	2,000	-	-	-	-	40,000	10,000	5,000	
Health Insurance	-	-	-	94,300	24,000	15,000	-	30,000	30,200	-	-	18,720	6,000	44,100	8,700	
Inventory	-	7,000,000	350,000	650,000	26,000	20,000	425,000	500,000	2,270,000	600,000	2,000,000	1,300,000	2,500,000	750,000	200,000	
Operation	-	-	-	6,200	-	1,000	-	100,000	-	-	-	-	-	12,000	200,000	
Other (Itemized)	-	-	-	-	-	-	-	-	682,176	398,337	-	-	125,000	-	-	
Personnel (Full-Time)	-	2,256,800	65,000	476,000	55,000	25,000	25,000	35,000	195,000	111,690*	-	70,000	25,000	203,000	42,000	
Personnel (Part-Time)	-	-	35,000	135,000	12,000	10,000	-	70,000	40,386	-	20,000	-	18,000	119,625	20,000	
Printing	-	-	500	6,000	2,500	3,000	-	3,000	-	-	-	-	1,200	-	500	
Project Supervision	-	-	-	-	2,000	10,000	-	-	-	-	-	-	-	-	-	
Space	-	88,200	-	-	1,000	5,000	-	-	-	-	-	-	-	5,000	-	
Supplies	-	36,400	2,000	12,000	1,000	2,000	1,000	5,000	4,500	1,133	-	-	2,000	1,000	500	
System Maintenance	-	14,000	4,000	10,850	5,000	5,000	-	8,800	-	-	-	3,000	-	2,000	-	
Total	\$15,000	\$12,142,375	\$ 477,500	\$ 1,522,450	\$ 189,500	\$ 141,000	\$ 457,000	\$ 774,300	\$ 3,256,027	\$ 1,118,622	\$ 2,023,000	\$ 1,404,220	\$ 2,851,200	\$ 1,654,340	\$ 503,400	
* Includes salary and benefits.																

Estimated Start-Up Cost – Public Universities

Estimated Start-Up Costs Public Universities	Chicago State University	Governors State University	Illinois State University	Northeastern Illinois University	Northern Illinois University	Southern Illinois University Carbondale	University of Illinois Chicago	University of Illinois Springfield	University of Illinois Urbana/Champaign	Western Illinois University	Southern Illinois University Edwardsville**
Advertising/Marketing	\$ 31,129.00	\$ 10,000.00	\$ 30,000.00	\$ 1,700.00	\$ 10,000.00	\$ 25,000.00	\$ 50,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00
Commissions/Contract/Lease Loss	268,000	-	-	-	500,000	387,000	140,000	100,000	30,000	-	-
Computer System/Software	5,000	68,000	50,000	15,000	100,000	70,000	100,000	75,000	-	4,000	70,000
Contingency	266,853	226,000	-	15,000	75,000	500,000	10,000	-	-	-	500,000
Credit Card Fees	-	19,500	40,000	2,000	-	5,000	50,000	-	-	-	3,000
Education & Orientation	-	5,000	-	2,000	-	25,000	10,000	-	-	2,500	-
Employee Benefits	-	24,500	-	30,000	-	-	40,000	-	-	-	-
Equipment	2,800	98,600	125,000	20,000	-	175,000	5,000	-	-	-	20,000
Fixtures	114,365	-	-	75,000	75,000	700,000	-	50,000	-	28,500	500,000
General Administration	-	23,000	-	20,000	-	80,000	490,000	-	-	10,000	0
Health Insurance	15,000	12,000	16,000	16,800	-	16,000	-	-	-	-	-
Inventory	1,556,450	1,580,000	15,000,000	1,500,000	10,000,000	12,272,280	18,000,000	5,000,000	13,400,000	5,625,000	7,000,000
Operation	-	112,000	-	-	-	-	200,000	200,000	-	-	-
Other (Itemized)	-	-	-	5,700	45,000	-	-	-	268,000	-	1,500,000
Personnel (Full-Time)	75,000	98,000	280,000	250,000	750,000	200,000	850,000	-	-	-	100,000
Personnel (Part-Time)	75,000	67,000	49,000	50,000	-	125,000	-	-	-	10,000	50,000
Printing	-	31,500	4,000	700	-	5,000	-	-	-	-	2,000
Project Supervision	-	50,000	-	10,000	-	-	-	-	-	-	-
Space	74,710	-	300,000	-	500,000	480,000	250,000	1,400,000	1,500,000	277,500	-
Supplies	12,000	25,000	40,000	7,000	-	30,000	-	-	-	2,000	10,000
System Design, Testing/Implementation	-	25,000	-	10,000	-	-	-	-	-	4,000	-
Total	\$ 2,496,307	\$ 2,475,100	\$ 15,934,000	\$ 2,030,900	\$ 12,055,000	\$ 15,095,280	\$ 20,195,000	\$ 6,825,000	\$ 15,198,000	\$ 5,968,500	\$ 9,760,000

* Southern Illinois University - Edwardsville has a textbook rental program. This estimate is as if the institution had to recreate the same program.

Estimated Annual Costs – Public Universities

Estimated Annual Costs Public Universities											
	Chicago State University	Governors State University	Illinois State University	Northeastern Illinois University	Northern Illinois University	Southern Illinois University Carbondale	University of Illinois Chicago	University of Illinois Springfield	University of Illinois Urbana/Champaign	Western Illinois University	Southern Illinois University Edwardsville **
Advertising/Marketing	\$ 10,273	\$ 7,000	\$ 30,000	\$ 3,500	\$ 25,000	\$ 7,000	\$ 20,000	-	-	\$ 2,000	\$ 1,000
Commissions/Contract/Lease Loss	-	-	-	410,000	500,000	380,000	100,000	100,000	-	42,000	-
Computer System/Software	-	26,000	8,000	3,000	25,000	20,000	30,000	-	-	-	20,000
Contingency	-	225,000	-	15,000	75,000	250,000	100,000	-	-	-	200,000
Credit Card Fees	-	19,500	40,000	70,000	100,000	49,000	50,000	-	328,000	25,000	8,000
Education & Orientation	-	2,000	-	-	-	7,000	3,000	-	-	500	-
Employee Benefits	-	25,235	-	30,000	-	-	40,000	-	-	-	-
Equipment	-	20,000	5,000	10,000	-	17,500	-	-	-	-	5,000
General Administration	-	20,000	-	20,000	-	80,000	490,000	-	-	3,000	75,000
Health Insurance	-	12,360	16,000	16,800	-	18,000	-	-	-	-	6,000
Inventory	513,629	484,849	3,000,000	2,000,000	4,000,000	3,000,000	9,000,000	500,000	5,000,000	1,800,000	2,000,000
Operation	-	100,000	-	-	-	60,000	200,000	200,000	-	-	40,000
Other (Itemized)	-	-	-	79,300	40,000	-	-	-	-	-	230,000*
Personnel (Full-Time)	75,000	102,940	280,000	250,000	750,000	200,000	600,000	-	-	30,000	145,500
Personnel (Part-Time)	75,000	70,907	49,000	50,000	-	125,000	-	-	-	5,000	169,500
Printing	-	10,395	4,000	700	-	5,000	-	-	-	-	2,000
Project Supervision	-	-	-	-	-	-	-	-	-	-	-
Space	74,710	-	300,000	-	-	250,000	250,000	25,000	-	-	-
Supplies	-	7,500	40,000	8,000	-	18,000	-	-	-	2,000	3,000
System Maintenance	-	-	-	-	30,000	-	-	25,000	-	1,000	-
	\$748,612	\$ 1,133,686	\$ 3,772,000	\$ 2,966,300	\$ 5,545,000	\$ 4,486,500	\$ 10,883,000	\$ 850,000	\$ 5,328,000	\$ 1,910,500	\$ 2,675,000

* Includes 150,000, approximately 10% of cost annually for 30 year loan of \$1,652,000.

** Southern Illinois University - Edwardsville has a textbook rental program. This estimate is as if the institution had to recreate the same program.

Estimated Textbook Rental Cost Per FTE – Community Colleges

COMMUNITY COLLEGES TEXTBOOK RENTAL						
	Startup Cost	FTE	Cost Per FTE	Annual Cost	FTE	Cost Per FTE
Community College Responses						
Black Hawk College	\$2,015,000	3,976	\$507	\$15,000	3,976	\$4
City Colleges of Chicago	23,103,500	34,575	668	12,142,375	34,575	351
Danville Area Community College	1,019,000	1,657	615	477,500	1,657	288
Highland Community College	631,000	1,493	423	189,500	1,493	127
Illinois Valley Community College	2,225,000	2,511	886	141,000	2,511	56
John A. Logan College	1,917,700	3,671	522	1,118,622	3,671	305
Kankakee Community College	454,000	1,957	232	457,000	1,957	234
Kaskaskia College	1,074,482	2,715	396	774,300	2,715	285
Lincoln Land Community College	3,944,027	4,076	968	3,255,977	4,076	799
McHenry County College	1,537,500	3,123	492	2,023,000	3,123	648
Moraine Valley Community College	3,627,220	9,532	381	1,404,220	9,532	147
Rock Valley College	2,008,056	4,913	409	-	-	-
Southeastern Illinois College	1,800,000	1,476	1,220	2,851,200	1,476	1,932
Southwestern Illinois College	5,811,090	7,673	757	1,654,340	7,673	216
Spoon River College	1,241,400	1,360	913	503,400	1,360	370
William Rainey Harper College	3,134,650	8,727	359	1,522,450	8,727	174
Subtotal	55,543,625	93,435		28,529,884	88,522	
Community College Estimates**						
Black Hawk College	-	-	-	1,339,912	3,976	337
Carl Sandburg College	1,194,534	2,011	594	677,707	2,011	337
College of DuPage	8,699,130	14,645	594	4,935,365	14,645	337
College of Lake County	4,861,296	8,184	594	2,758,008	8,184	337
Elgin Community College	3,237,894	5,451	594	1,836,987	5,451	337
Heartland Community College	1,671,516	2,814	594	948,318	2,814	337
Illinois Central College	4,248,288	7,152	594	2,410,224	7,152	337
Illinois Eastern-Lincoln	503,118	847	594	285,439	847	337
Olney Central College	626,670	1,055	594	355,535	1,055	337
Wabash Valley College	717,552	1,208	594	407,096	1,208	337
John Wood Community College	948,618	1,597	594	538,189	1,597	337
Joliet Junior College	4,456,782	7,503	594	2,528,511	7,503	337
Kishwaukee College	1,578,258	2,657	594	895,409	2,657	337
Lewis and Clark Community College	2,144,934	3,611	594	1,216,907	3,611	337
Morton College	1,421,442	2,393	594	806,441	2,393	337
Oakton Community College	3,305,016	5,564	594	1,875,068	5,564	337
Parkland College	3,564,000	6,000	594	2,022,000	6,000	337
Prairie State College	1,668,546	2,809	594	946,633	2,809	337
Richland Community College	1,015,740	1,710	594	576,270	1,710	337
Rock Valley College	-	-	-	1,655,681	4,913	337
Sauk Valley Community College	972,378	1,637	594	551,669	1,637	337
Shawnee Community College	733,590	1,235	594	416,195	1,235	337
South Suburban Community College	2,345,112	3,948	594	1,330,476	3,948	337
Triton College	4,858,920	8,180	594	2,756,660	8,180	337
Waubonsee Community College	2,574,396	4,334	594	1,460,558	4,334	337
Subtotal	57,347,730	96,545	23,409	35,531,258	105,434	8,425
TOTAL	<u>\$112,891,355</u>	<u>189,980</u>		<u>\$64,061,142</u>	<u>193,956</u>	
Average Cost per Community College Student			\$594			
				\$337		
* Excludes Black Hawk College response.						
** Average Cost per FTE is based upon the estimates from the institutional responses.						

Estimated Textbook Rental Cost Per FTE – Public Universities

PUBLIC UNIVERSITIES TEXTBOOK RENTAL						
DRAFT	Startup Cost	FTE	Cost Per FTE	Annual Cost	FTE	Cost Per FTE
Public University Responses						
Chicago State University	2,496,307	4,833	517	748,612	4,833	155
Governors State University	2,475,100	1,436	1,724	1,133,686	1,436	789
Illinois State University	15,934,000	17,898	890	3,772,000	17,898	211
Northeastern Illinois University	2,030,900	7,664	265	2,966,300	7,664	387
Northern Illinois University	12,055,000	16,768	719	5,545,000	16,768	331
Southern Illinois University at Carbondale	15,095,280	14,766	1,022	4,486,500	14,766	304
University of Illinois at Chicago	20,195,000	14,214	1,421	10,883,000	14,214	766
University of Illinois at Urbana-Champaign	15,198,000	31,120	488	5,328,000	31,120	171
University of Illinois at Springfield	6,825,000	2,985	2,286	850,000	2,985	285
Western Illinois University	5,968,500	11,772	507	1,910,500	11,772	162
TOTAL	98,273,087	123,456	9,839	37,623,598	123,456	3,561
Average Cost per Public University Student			\$796	\$305		

APPENDIX E

Legislation

Federal. The U.S. House Committee on Education and the Workforce has requested the U.S. Department of Education's Advisory Committee on Student Financial Assistance (ACSFA) to conduct a one-year study of college textbook costs, the impact on students, and affordability recommendations. The Committee will provide its findings and recommendations to the Committee by May 2007.

Florida. House Bill 15 and Senate Bill 1554 would exempt higher education textbooks from Florida sales tax. An exemption would be available to "degree-seeking" students. Such students would be required to supply documentation showing that the textbooks are recommended or required. The Revenue Estimating Conference estimated that a sales tax exemption for textbooks would result in a general revenue loss of \$39.3 million for fiscal year 2007 and \$43.0 million the following year. The estimated total local revenue loss was estimated at \$8.9 and \$9.6 for fiscal years 2007 and 2008, respectively. The bills did not make it out of committee.

Illinois. In addition to Senate Resolution 692, five other legislative proposals were considered by the Illinois 94th General Assembly in the 2006 spring session: House Bills 3725, 3745, and 4867, House Resolution 1080, and Senate Bill 2989. Only Senate Resolution 692 was enacted.

House Bill 3725 would have exempted state sales tax on required textbooks of Illinois community colleges and public universities. However, county and municipal sales tax would continue to be collected at a 1.25 percent rate.

House Bill 3745 would have required the Illinois Board of Higher Education to create a textbook rental program for Illinois community colleges and public universities. Institutions choosing to participate in a rental program would have received a grant to cover start up costs. This bill would have provided students with the option to purchase or rent textbooks. A 20 to 40 percent discount would have been available to students wishing to purchase materials. The program would have begun with freshman and sophomore level classes, and upper division classes would have been added at a later date.

House Bill 4867 would have created the Textbook Pricing and Access Act by requiring publishers to disclose bundled materials, supplemental materials, and textbook prices to faculty members of higher education institutions. The bill also would have required bundled materials to be sold separately. Bundling occurs when supplemental materials, such as online tutorials, are packaged with a textbook. When placing a textbook order, faculty members would be required to provide a written statement with the required textbook and the earliest edition which may be purchased. In addition, the bookstore would be required to post a listing of all textbooks and supplemental materials, including the International Standard Book Numbers (ISBN), on the institution's website or at the college bookstore if no website exists.

House Resolution 1080 would have required the IBHE to conduct a study on the cost and feasibility of establishing textbook rental programs at Illinois community colleges and public universities.

Senate Bill 2989 would have mandated the Illinois Board of Higher Education to establish a textbook rental program for Illinois public universities. The textbook rental program would begin in 2008-2009 academic year at all Illinois public universities.

Kentucky. House Resolution 9 would have required the Legislative Research Commission to conduct a study of the cost of material supplements, supplies, and textbooks at elementary, secondary, and postsecondary levels. The resolution passed the House but remains in the Senate Committee on Education.

Maryland. House Bill 25 would have provided a sales and use tax exemption on textbooks purchased by a full- or part-time student. The Department of Legislative Services and Maryland Higher Education Commission estimated revenue losses of \$11.4 million in fiscal year 2007 and up to \$15.6 million by fiscal year 2010. The bill was sent to the House Ways and Means Committee, which reported it unfavorably in March 2006.

Senate Bill 214 would require public higher education institutions to post textbooks and ISBNs on their websites. The bill would also prohibit employees of higher education institutions from receiving payment for selecting specific textbooks. The bill was referred to the Senate Education Health and Environmental Affairs in January 2006.

Massachusetts. House Bill 1262 would require cost-saving guidelines for textbook publishers and universities. Publishers would be required to make materials available unbundled, disclose price and variance among editions to faculty, and disclose the estimated edition life to faculty. In addition, publishers would be required to provide faculty with a free copy of selected textbooks to be used in the classroom or library. Faculty would be required to give consideration to the least costly textbooks and disclose the variance among editions and cost to students. Universities would be required to review their textbook selection guidelines. The bill was referred to the Committee on Higher Education.

Michigan. House Bill 5568 would provide a sales tax exemption on textbooks at higher education institutions. House Bill 6356 would provide an income tax credit for textbooks at higher education institutions once the related course is passed. Both bills were referred to the House Committee on Tax Policy.

Minnesota. House Bill 4032 and Senate Bill 3608 would require the Minnesota Office of Higher Education to establish an advisory task force to review the cost of textbooks at nonpublic and public higher education institutions. The bills were referred to legislative committees.

Nebraska. Legislative Bill 556 would require the state to provide the same financial aid to one or more off-campus businesses providing textbooks or supplies. The bill was indefinitely postponed on February 8, 2006.

New Jersey. Assembly Bill 454 would provide an income tax credit for textbooks of full-time undergraduates. Taxpayers would need to meet certain eligibility requirements for the credit. The credit would be limited to 10 percent of the textbook cost and \$100 per taxable year. The bill was referred to the Assembly Budget Committee on January 10, 2006.

Assembly Bill 994 would require higher education institutions to establish a textbook rental program if the student government association of the institution votes for its establishment and if existing bookstore contracts permit it. The rental program would be required to be self-sustaining via student fees and tuition. Institutions would be allowed to seek supplemental funding outside State sources. The bill was referred to the Assembly Budget Committee on January 10, 2006.

New York. Assembly Bills 1214 and 1965 would exempt recommended or required textbooks from sales and compensating use taxes. The fiscal impact on local and state government would be

unknown. Assembly Bills 1214 and 1965 were referred to the Assembly Education Committee on January 4, 2006 and the Assembly Ways and Means Committee on January 4, 2006, respectively.

Assembly Bill 11494 and Senate Bill 2381 would allow a qualified taxpayer to deduct textbook costs from her/his federal adjusted gross income. Assembly Bill 11494 and Senate Bill 2381 were referred to the Assembly Ways and Means Committee on May 23, 2006 and the Senate Finance Committee on May 24, 2006, respectively.

Assembly Bill 2270 would require higher education institutions to make a list of recommended and required course materials as well as the faculty name available sixty days prior to the beginning of class. Assembly Bill 2270 was referred to the Assembly Higher Education Committee on January 4, 2006.

Assembly Bill 3877 would require higher education institutions and faculty members to provide course material information, when requested, to any retailer selling textbooks. Assembly Bill 3877 was referred to the Assembly Higher Education Committee.

Assembly Bill 4766 would establish an Advisory Review Board consisting of twelve full-time faculty members. The Board would be required to establish cost control policies. Under the bill, publishers would be required to justify the adoption of new editions. Additionally, a cost cap would be established for edition reprints with no text changes. Assembly Bill 4766 was referred to the Assembly Higher Education Committee on January 4, 2006.

Assembly Bill 8355 would have required the New York State Department of Education to study bundling and report the findings to the Governor and Legislature. Assembly Bill 8355 became inactive on May 22, 2006.

Assembly Bill 11759 (SB 6804-Textbook Access Act) would require publishers to provide prospective faculty members with the price of the course materials to be sold at the bookstore. Additionally, course materials would be required to be sold in the manner in which they were ordered. The bill would also require higher education institutions to implement policies to ensure textbook orders are placed in a sufficient amount of time. Under the bill, employees would be prohibited from receiving payment in exchange for adopting course materials. The bill was referred to the Assembly Committee on Higher Education on June 8, 2006.

Senate Bill 7477 would require higher education institutions to post ISBNs on their websites, prohibit higher education employees from receiving payments in exchange of course material selection, and require institutional governing boards to establish textbook policies which would be cost effective. Senate Bill 7477 was referred to the Senate Committee on Higher Education on April 25, 2006.

Oklahoma. House Bill 2380 would require the Oklahoma State Regents for Higher Education to create and implement a system for the distribution, rental, and sale of higher education textbooks beginning with academic year 2007-2008. The bill would also encourage textbook adoption life to be extended, promote online purchasing and require department heads to review textbook adoption life. House Bill 2380 was referred to the House Appropriations and Budget Committee on February 7, 2006.

Utah. House Bill 273 would allow for a sales tax exemption on higher education textbooks. The Office of the Legislative Fiscal Analyst estimated in fiscal year 2007 the exemption would decrease the State general fund by \$3.5 million and \$1.1 million in local revenue. The same loss would be applicable to fiscal year 2008. The exemption would allow for an annual benefit as much as \$52. House Bill 273 was defeated in the House on March 1, 2006.

Washington. House Bill 3034 would provide a sales tax exemption on textbooks when purchased at a bookstore located in Washington or online from retailers based in the State. The Office of Financial Management estimated the fiscal impact of the bill would result in a loss of \$12.0 million in the State's general revenue for fiscal year 2007. Thereafter, the loss in general revenue would be \$12.7, \$13.4, \$14.1 and \$14.8 million for fiscal year 2008, 2009, 2010, and 2011, respectively. Local sales revenue would experience a \$3.7 million loss in fiscal year 2007 and grow to a loss of \$4.6 million by 2011. House Bill 3034 was referred to the House Finance Committee on January 18, 2006.

APPENDIX F

Public Comments to Draft

Association of American Publishers, Inc.



50 F Street, NW, 4th Floor
Washington, D.C. 20001
Telephone: (202) 347-3375
Fax: (202) 347-3690
www.publishers.org

December 22, 2006

Ms. Nicole Krneta Rogers
Illinois Board of Higher Education
Planning and Budgeting
431 East Adams Street, Second Floor
Springfield, IL 62710-1404

Dear Ms. Rogers:

I want to thank you for the opportunity to review the draft of the Illinois Board of Higher Education's (IBHE) study on textbook rental programs and other cost-saving alternatives.

The members of the Higher Education Group of the Association of American Publishers (AAP) produce the majority of the traditional textbooks and the instructional and learning technologies utilized by America's college and university faculties and students. Our member publishers are working constantly with faculty to determine their instructional needs and the learning needs of students to raise the national standards for course content and instruction.

I have attached AAP's detailed comments on the report for your review, but wanted to highlight a few key issues.

- 1) We've learned that the focus of these kinds of reports center on lowering student spending on textbooks, not regulating the price of textbooks or issuing price controls. Pricing issues raise constitutional questions. Regulating the business practices of the textbook publishing industry by forced unpackaging, forced donation of samples or limits on new editions violates the First Amendment to the Constitution and the U.S. Commerce Clause.
- 2) As we indicated in our response to your questionnaire, publishers *cannot* provide faculty with the price of course materials sold at the bookstore. Publishers sell their course

materials to bookstores at wholesale prices; bookstores then add their markup to determine the final retail sales price.

- 3) As stated in our previous correspondence, publishers already offer their textbooks and supplementary course materials for sale separately, and they make available a list of changes between editions, both online and in the foreword of texts.
- 4) The IBHE report does not include cost-saving recommendations for bookstores. Bookstores play a crucial role in the final price of a text, both new and used.
- 5) Increasing the availability of used books or the length between editions can provide a short-term solution but eventually increases the price of all texts, new and used. Publishers' investments made to develop and publish textbooks are fixed costs, and these investments must be recouped through the sale of new course materials.
- 6) The use of supplementary materials should play a larger role in the assessment of rental programs. Eighty-six percent of faculty either require or recommend that students use supplementary materials, according to Zogby International's poll of faculty in September 2006. The cost of these materials should be factored into any estimated per student rental program cost.

Please call on us if we can assist you in any way. We well understand the complexities of writing an analysis of this kind.

Regards and Happy Holidays,

J. Bruce Hildebrand
Executive Director for Higher Education
Association of American Publishers

Attachments

Attachments available from IBHE on request.

Detailed AAP Response to Illinois Draft Report on Textbooks

EXECUTIVE SUMMARY

- The focus of textbook legislation has been on *lowering student spending* on textbooks, not curtailing the “rising cost” of textbooks, as stated in paragraph one. Any reference to “costs” or “prices” could be problematic because they could be construed as an attempt to regulate prices or mandate publishing business practices and would be unconstitutional and violations of the First Amendment to the Constitution and the U.S. Commerce Clause. See Appendix A – Weil, Gotshal, Manges letter.
- In paragraph one, line two of the Summary the sentence reads “remedies to the financial burden college students face.” According to studies, 50 percent or more of students are unconcerned about the price of textbooks. For balance, you might want to change the sentence to read “*some* college students.”

Findings

- Bullet 1, page 5 – The Government Accountability Office report is cited incorrectly. The cost information is based on figures from 1987 to 2004, not 2005. Additionally, the Consumer Price Index (CPI) used by the Government Accountability Office (GAO) includes any book designated as a required text, which could include many novels, technical books, professional journals, etc. that are not sold or distributed by individual publishers of postsecondary textbooks. AAP objected to the CPI figure that, by its own disclaimer in the GAO report, before 2001, did not accurately reflect the increasing penetration of lower-cost alternatives that are replacing unabridged, hardcover texts. Consequently, Bureau of Labor Statistics (BLS) data exaggerates textbook price increases over the course of the reporting period. On page 32 of the report, GAO also acknowledges “textbooks are increasingly wrapped in packages along with additional materials, making it difficult to collect all of the qualitative characteristics of the textbooks. As a result, it is difficult for BLS to obtain the information necessary for quality adjustment, and other times the price recorded as the textbook price may also include ancillary materials.”

A paper entitled “Faculty Selection and Use of Publisher-Provided Textbooks and Supplementary Materials in the United States” released only last week also addresses the weaknesses in the CPI’s pricing model (see page 12).

(www.immagic.com/eLibrary/ARCHIVES/GENERAL/IMM/I061215F.pdf)

- The numbers on spending by Illinois students appear to be far higher than those cited for students in other states. Is there a reason for this difference in spending? The report could also provide context by explaining these costs as a percentage of total educational costs, including tuition and fees, room and board, and transportation costs. Textbook costs for two-year and four-year students average between six and seven percent of annual educational costs, according to the College Board’s *Trends in College Pricing*, 2006.
- Bullet 4, page 6 --
 - Bundling – A textbook packaged with supplemental learning materials will, as one would expect, generally cost more than a standalone textbook just as a car or computer with added features will cost more than those without extra features. The benefit of the package is that, collectively, the materials cost less than when sold separately. Publishers can and do sell supplemental materials separately. This practice of separate sales does not, as some suggest, reduce students’ spending if they purchase all of the materials adopted for their class by their instructor.
 - Publication of new editions – Although there is a great debate over the issuance of new editions, recent research by Nebraska Book Company, one of the country’s largest used

book wholesalers, stands this issue on its head. According to Nebraska Book data published in a recent report by the Used Textbook Association (UTA), the frequency of new editions has barely changed since 1992. Nebraska's data indicates that the increase in new editions with one- or two- year revision cycles is inconsequential, 227 titles with one-year revisions and 1,700 with two-year revisions out of a total of 178,827 titles. In contrast those titles with three, four or five plus years between revisions were 3,074, 1,684 and 2,818, respectively. In total, there were 169,324 titles that were not revised versus only 9,503 that were, representing five percent of the total titles over a period of five plus years. There is no indication of the subjects of the titles that were revised, why they were revised or why faculty chose them over older editions or competing products from other publishers.

Ironically, the UTA report did say, "Most bookstore managers (94%) believe new textbook editions come out too frequently." This opinion, we believe, is heavily influenced by the preference of bookstore managers to sell used books because their return is higher on each sale.

The absolute bottom line is that no textbook or supplemental learning tool – new edition or old – will be produced by publishers if there is no market. As with any highly competitive sector with a tremendously diverse consumer base – there are some one million faculty nationwide – and a large number of product alternatives – numerous textbooks with a wide range of price, course packs, free online textbooks, materials drawn from the web and professors own works, to mention a few – only the best will survive.

- The report does not include cost-saving recommendations for bookstores. Bookstores play a crucial role in the final price of a text, marking up new texts approximately 33 percent and used books by 50 percent. If bookstore markups were decreased, students would see an immediate savings on their textbook expenditures.

Options for Alternative Cost-Saving Measures, page 7

State

- Bullet 1 – "...cost-effective practices" – In almost all instances, the language used in this context "encourages" faculty and includes the words "without reducing the quality of instruction."
- Bullet 2 – "Require sample copies" – Who is to provide these samples? Neither publishers nor any other private business can be required to provide free goods or services as a condition of doing business. A practice of this kind would likely violate Illinois law and ethics requirements. Also, we have found that college departments usually object to providing "free" textbooks because of the pressure this places on their budget and the difficulties of administering this kind of program.
- Bullet 3 – "Prohibit ...benefiting financially" – This language can create difficulties for faculty who author materials, receive honorariums for peer reviews of materials or participate in subject seminars, for example. We suggest you consider the following language drawn from a bill passed by the New York Senate. Note that the bill precludes the sale of textbook samples, an unethical practice that drives up the cost of textbooks.
 - *"No employee at an institution of higher education shall demand or receive any payment, loan, advance, or deposit of money, present or promised, for adopting specific course materials required for coursework or instruction; with the exception that the employee may receive: 1) sample copies, instructor's copies, or instructional material, that are not to be sold; 2) royalties or other compensation from sales of textbooks that include such*

instructor's own writing or work; or 3) honoraria for academic peer review of course materials."

- Bullet 4 – “Require textbooks to be sold separately...” — Publishers that sell packaged materials, already offer their textbooks and supplementary course materials for sale separately. The benefit of the package is that, collectively, the materials cost less than when sold separately. Many bookstores dislike the cost of handling numerous items and the requirement for additional shelf space, and faculty object when students do not select the full range of materials the faculty has ordered, because the faculty believe all of the materials are necessary for their students successful completion of their class.
- Bullet 5 – “publishers to provide...price of course materials sold at the bookstores” – Publishers cannot meet this requirement. Only bookstores can provide retail prices. Publishers sell their products to bookstores at wholesale. Bookstores markup these products at their own discretion – frequently based on agreements with the college or university where they are located – and set the retail prices paid by students.

Administration

- Bullet 4 – “set...textbook author profit caps” – The level of remuneration of authors contracted with by publishers cannot be set by a Committee. Only if a Committee were directly employing the author to write a work would this be appropriate. Also, there has been significant debate about the inherent risks of setting up numerous Committees to set policies. The chief concerns expressed are that any one of these Committees, without careful administrative and legal guidance, will establish policies or practices that are beyond their purview, infringe on academic freedom or are illegal and subject to litigation.

Faculty

- Bullet 2 – “Place course materials on reserve” – Academic departments in other states have raised strong objection to this requirement due to the cost of purchasing the materials and the cost and difficulties of administering the program.
- Bullet 3 – “Adopt new editions only when significant changes occur.” – This requirement raises the questions of what is significant and to whom? A detailed description of the changes made in new editions is printed in the foreword of the textbook being offered. This is an almost universal practice employed by publishers as part of their marketing regimen. If the faculty or department making the adoption does not believe the changes are sufficient to warrant a change they can stick with the old edition – a common practice that is overlooked by some critics – or choose another text from another publisher. Some departments require their instructors to choose new editions to force the faculty to remain current and consistently update their classroom lectures. The vast majority of faculty prefer the newest editions because of content and improvements in pedagogy, according to a national study of faculty by Zogby International.

Publishers

- Bullet 1 – “Provide complimentary copies of selected textbooks...” – Publishers at their own discretion, already distribute millions of copies of complimentary copies of textbooks and other course materials. However, as noted earlier, this requirement can neither be required nor implied as a condition of doing business.
- Bullet 2 – “Offer bundled materials as separate items for purchase.” – Publishers generally offer supplemental materials separately if they are ordered in this fashion by the faculty or a department and also supply materials separately for sale with used textbooks. In some instances publishers have third-party contractual agreements, for items such as software, that prohibit this practice. It is important to note that 1) materials sold separately are generally cost more than

items sold in a package and 2) faculty order packages because they believe the supplemental materials are necessary for their students success in their class.

- Bullet 3 – “Provide faculty members with...price of materials sold at the bookstore...revision history of course materials.” – Publishers cannot provide bookstore, i.e., retail, prices to faculty. Publishers sell their products at wholesale. Bookstores markup course materials as they choose, generally around 33 percent for new texts and course materials, and set the final price paid by students. The copyright dates of a textbook, i.e., the revision history, are generally printed in the front the text. If, for example, a book is copyrighted in 1994, 1998, 2002 and 2006 you can reasonably assume a new edition will be issued, on average, every four years. According to the Follett Bluebook, the average new edition has come out every four years for the last decade.

Conclusion

The conclusion that the joint efforts of institutional administrators, students, faculty and publishers are required to help hold down student spending is valid. There are, however, other players and factors that should be considered. The report does not reference the role of the bookstore in students’ final cost of course materials nor the practice at colleges and universities of levying a hidden fee on students by requiring bookstores to rebate a percentage of their revenues to the institution where they are located. Eliminating this hidden levy could immediately reduce the amount students pay for their course materials.

You may want to reconsider the statement that legislative action has curtailed textbook costs. Legislative activity has generated healthy debate and encouraged faculty to be more cost conscious when adopting their course materials, but no legislation has been passed that attempted to influence prices.

It is important to note that the range of course material choices and prices is tremendous. For example, for just two subjects, introductory psychology and introductory algebra, bookstores currently have 450 printed titles on their shelves at retail prices ranging from \$23.50 to \$127. Those numbers grow when you include e-books and custom course materials. According to the National Association of College Stores, the average retail price of a textbook is about \$52, meaning the average publisher wholesale price is about \$39.

INTRODUCTION

- Page 11, para. 1, line 8 – Suggest a change in language from “textbook costs” to “students’ spending”

Textbook Costs

Page 12 – Suggest you note that:

- The CPI used by the GAO includes any book designated as a required text, which could include many novels, technical books, professional journals, etc. that are not sold or distributed by individual publishers of postsecondary textbooks. Additionally, AAP has objected to the CPI figure which, by its own disclaimer in the GAO report, before 2001, did not accurately reflect the increasing penetration of lower-cost alternatives that are replacing unabridged, hardcover texts. Consequently, BLS data exaggerates textbook price increases over the course of the reporting period. BLS acknowledges "textbooks are increasingly wrapped in packages along with additional materials, making it difficult to collect all of the qualitative characteristics of the textbooks. As a result, it is difficult for BLS to obtain the information necessary for quality adjustment, and other times the price recorded as the textbook price may also include ancillary materials."

A paper entitled “Faculty Selection and Use of Publisher-Provided Textbooks and Supplementary Materials in the United States” released only last week also addresses the weaknesses in the CPI’s

pricing model (see page 12).

(www.immagic.com/eLibrary/ARCHIVES/GENERAL/IMM/I061215F.pdf)

Pricing

- For clarity, it is important to differentiate “new” vs. “used” textbook sales and pricing. Publishers and authors receive revenue only from the one time sale of new textbooks and course materials. All money from the subsequent sale of used textbooks goes to the book wholesalers, bookstores and online sellers. Publishers’ risks are much higher than resellers – publishing is a competitive market and there is no guarantee that faculty will adopt the materials developed by a publisher – and publishers must recoup their entire investment in a single sale. Bookstores have a guaranteed market for the course materials they order because they order only those materials that have already been adopted by faculty. And, if the bookstores order too many new course materials then the bookstores can return them to the publisher. These statements are not intended to diminish the contribution of bookstores but to ensure understanding of the risk and return factors within the market.
- Page 13, para. 1, line 1 – “...factors impact NEW textbook prices...”
- Page 14, para. one, line 6 “...75 cents of every NEW textbook dollar...”
- The chart shown on page 14 should be labeled NEW textbook dollar distribution. AAP also suggests that IBHE include the figure attached in Appendix B, which visually represents the sales cycle for college textbooks.

Bundling

- Page 15, para. 1 – “...limits the ability to purchase used course materials and sell back all course materials in the bundled package.” – Some packaged items are designed for reuse, such as CDs that accompany art texts and software that is included with economics texts. Other materials, such as graded online homework and online tutoring, are purchased as consumable products for use for a specific period of time, such as one, two or three semesters. Publishers do sell products such as access codes and workbooks a la carte so that bookstores can sell them with used textbooks.
- Page 15, para. 2 – “CALPIRG...reports bundled textbooks and course materials account for half of all textbook sales.” – AAP sales data directly contradicts CalPIRG’s assertion about bundled textbooks. CalPIRG’s “study” was based on 50 textbooks – five each from 10 different bookstores – out of the more than 262,000 titles currently on sale. According to AAP data, as reported by the six major textbook publishers for 2004-05, only 37% of all net print product sales are packaged products. See Appendix C.
- Page 15, para. 3 – “CALPIRG reports that students did not have the option to purchase unbundled materials for 55 percent of the bundled textbooks studied in their survey.” Again, CalPIRG’s assertion is based on 50 textbooks and one can assume that the bookstores visited did not offer the packaged materials a la carte because they were not adopted or ordered in that fashion.
- Page 15, para. 3 – “An Illinois community college reports it was seldom offered a choice from publishers to order bundled items separately.” – If a faculty member or department adopted a textbook package because it better ensured that students obtained all of the necessary course materials then publishers would abide by that adoption. However, publishers do generally offer supplemental materials that can be used in conjunction with used books.

New Editions

- Page 16, para. 1 – “New edition adoptions increase student costs because new textbooks are more costly than used textbooks.” – As a blanket statement this is incorrect. New editions adoptions do not automatically increase student costs. A faculty member could choose a new edition of a

different printed text, an e-book or custom materials that are actually LESS expensive than an older version used for the previous adoption cycle.

- Page 16, para. 1 – “New editions close the market on used textbooks...” – New editions may REDUCE demand for an old edition but old editions are still bought and sold by textbooks wholesalers and bookstores, as indicated by this statement from the website of MBS, the country’s largest used textbook dealer: “Old editions, dropped adoptions, and low-value titles don’t have to be a nuisance during buyback time. If you’re signed up for MBS Custom Buyback and we find late-breaking national demand for previously unlisted or “problem” titles, we’ll price them accordingly so you don’t have to turn them away.”
- Page 16, para 2, lines 4 and 5 – “Zogby International asked students...” -- Replace “students” with FACULTY. “The students responded:” Replace “students” with FACULTY.

Textbook Spending

- Page 16, para. 1, lines 3 and 4 – “The Association of American Publishers disputes the GAO figure...” – This is a misquote by a reporter. AAP does not dispute the GAO figure, as it is written to include textbooks and supplies. AAP’s figure only accounts for the price of textbooks – not textbooks and supplies. See Appendix D.
- Page 16, para 2 – IBHE’s estimated rental costs appear to include only the figures for textbooks and do not include additional course materials.

Used Market, page 18

Used textbooks may save students money in the immediate term but they are not a panacea. In the longer term, used book sales actually increase the cost of all textbooks. Two economists, Dr. Michael W. Brandl of The University of Texas at Austin and Dr. Monica E. Hartmann of the University of St. Thomas in Minnesota, have both addressed this topic.

Dr. Hartmann, a member of the Minnesota Textbook Task Force, provided the following assessment:

“The growth of the used book market,¹ particularly through the Internet, and the role fixed costs play in pricing decisions explain why prices of new textbooks are rising and are expected to continue rising in the future. Publishers only earn profit on the sales of new textbooks, not on the sales of used books...The drop in new book sales reduces the number of book over which a publisher can recover its fixed costs, raising the average cost of production and consequently the price the publishers must charge to break even or earn some profit. This is not expected to change in the future given the popularity of used books.” See Appendix E.

Dr. Brandl’s comments are from a newspaper column he wrote in 2004:

“There is a fallacy of composition at work when college students sell back their textbooks. As contradictory as it may seem, by attempting to save money, students are actually helping to push textbook prices higher.

“Here is how. Textbook publishers have fixed costs that they must cover in order to stay in business. Let’s say for the sake of argument these fixed costs total \$50,000. If they sell 1,000 textbooks the fixed cost part of the textbook price is \$50. Let’s assume they sell 250 textbooks in each of four semesters. The textbook company then sells the textbook to the bookstore for \$60 each. Assuming a fairly conservative markup, college bookstores would then sell the textbooks to students for \$80 each.

¹ Used book sales account for one-third of the total textbook sales and this does not even include those books “sold” on student run swap sites.

“But now let’s assume the first semester students sell their textbooks back to the bookstore at the end of the semester. The bookstore may buy them for \$20 and sell them as used books for \$70 each. The textbook publisher sells only 250 copies of the text, but still has the fixed costs of \$50,000. It must now spread this \$50,000 over only 250 texts. Thus, just the fixed cost price of the text has jumped to \$200. Even selling it at cost to the bookstore means the bookstore will sell it to the student at \$267. This assumes a conservative 25% markup by the bookstore.

“Now we can see what is happening. The expansion of the used textbook market has contributed significantly to the increase in the price of new textbooks. While students think they are “saving” money by selling their texts and/or buying used texts they are, in fact, making the problem worse.”

This is not a matter of pointing fingers but of perspective. Follett is a used book dealer and makes greater profits on used books than on new books and, as would be expected, supports practices that increase the sale of used books. Publishers have fixed costs that can be recovered solely through the sale of new course materials so, of course, they are supportive of the sale of their new products.

LEGISLATIVE INITIATIVES ON TEXTBOOK COSTS

Connecticut

- Page 19, para. 1 – The recap of the Connecticut law is incorrect. House Bill 5527 requires publishers to make the *wholesale* price of products available to faculty. Publishers cannot provide the price of course materials at the bookstore, as bookstores markup publisher products differently.

Virginia

- Page 20, para. 1 – The law does not say “employees...may not benefit financially from the selection of required textbooks.” It stipulates that “*No employee at a Virginia public college or university shall demand or receive any payment, loan, subscription, advance, deposit of money, services or anything, present or promised, as an inducement for requiring students to purchase a specific textbook required for coursework or instruction; with the exception that the employee may receive (i) sample copies, instructor's copies, or instructional material, not to be sold; and (ii) royalties or other compensation from sales of textbooks that include such instructor's own writing or work.* Please note the stipulation that sample texts are not to be sold. The sale of samples is an insidious process that increases the price of textbooks.
- Page 20, #2, – The law does not say that textbooks must be made available separately from other materials. The Virginia guidelines state, “*If the faculty member does not intend to use each item in the bundled package, he shall notify the bookstore, and the bookstore shall order the individualized items when their procurement is cost effective for both institutions and students and such items are made available by the publisher.*”
- Page 20, #5 – House Bill 1478 does not require sample copies be available. Rather, it states, “*provisions for the availability of required textbooks to students otherwise unable to afford the cost.*”

Washington

- Page 20, para 1 – “The five primary provisions...are.” -- For clarity, we suggest you change this to read: “The five primary provisions, which apply only to bookstores, are:”
- Page 20, #2 – This requirement is obsolete because differences between editions are already listed in the foreword of textbooks.

- Page 20, #5 – Education of students still remains paramount. No. 5 is applicable only when “educational content is comparable.”

TEXTBOOK RENTAL PROGRAMS

Rental Program Benefits

- Page 23, paragraph 1: “...rental programs are significant.” -- We suggest this be changed to read: “rental programs CAN BE significant.”

Environmentally Responsible

- Page 23 – Rental programs do not ensure that fewer copies of textbooks will be printed.

Faculty Concerns About Adoption Periods

- Page 24 – The use of supplementary materials should play a larger role in this assessment of rental programs. Eighty-six percent of faculty either require or recommend that students use supplementary materials, according to Zogby International’s poll of faculty in September 2006. The cost of these materials should be factored into any estimated rental program costs.

COST SAVING ALTERNATIVES TO TEXTBOOK RENTAL PROGRAMS

Book Buy-Back Programs, page 39

- Book buy-back programs can reduce the cost of textbooks for students in the near term. It is important to note that the fixed costs associated with textbook development must be spread across the number of products sold. With more used textbooks on the market, fewer new textbooks will be sold, which will eventually require publishers to raise the price of texts to cover costs and make a reasonable profit.
- Bookstores typically markup used books around 50 percent and make a higher margin of profit on used books than on new books.
- New editions do not automatically foreclose the ability of students to sell back textbooks. As seen on MBS’ website, used book wholesalers will purchase old editions if faculty adopt them. “Old editions, dropped adoptions, and low-value titles don't have to be a nuisance during buyback time. If you're signed up for MBS Custom Buyback and we find late-breaking national demand for previously unlisted or "problem" titles, we'll price them accordingly so you don't have to turn them away.”

Polices for Administration and Faculty Members

Reserves, page 40

- If libraries were forced to have all textbooks on reserve, the fiscal burden on institutions would be heavy. Libraries would be responsible for the storage, cataloguing and care of these books, increasing staffing costs and storage needs. Librarians are typically opposed to any attempt to mandate their responsibility for textbooks.

Public list, page 40

- Publishers already make available a list of changes between editions, both online and in the foreword of texts.

Policies for Publishers

Complimentary Copies, page 41

- As stated above, publishers cannot be required to provide free sample copies.

- Additionally, if all textbooks for a university are to be stored at the library, then this would have a large fiscal impact on the university library.

Cost, page 41

- The cost of course materials is already made available to faculty by publishers' marketing representatives and through numerous sites on the Internet.

Tax Exemptions, page 41

- This same fiscal impact would occur if the state switched to rental programs.

Technology, page 41

- Suggested language change. Line 1: "...universities could EMPLOY MORE PUBLISHER technology..."

E-books, page 42

- Standards for e-books vary by publisher. Some publishers make texts available for a year rather than a semester, and several make e-books available for permanent download to one or more computers. It is incorrect to say that an e-book is only available for one semester.

Custom Books, page 42

- Custom books, like e-books, provide an upfront and guaranteed savings for students at the beginning of the semester when budgets are tightest. Also, custom books have a resale market if the same text is chosen for use again the next semester.

Unbundling, page 43

- Again, publishers do not set the final price of course materials. Any final prices found at a university must be provided by the bookstore.
- Additionally, if students were to purchase textbooks and course materials a la carte, in most cases the students would pay more for their materials. Materials sold in a package are offered as an educational tool, and many times are offered at a discount rate to students. See Appendices F and G.

Third-party Bookstore Recommendations for Addressing High Textbook Costs, page 45

- As stated previously, none of these suggestions will reduce the cost of textbooks for students in the long term.

CONCLUSION

- There is no proof in the document or elsewhere that indicates that legislation has been "an effective tool to encourage efforts to curtail textbook costs."



December 26, 2006

Ms. Judy Erwin
Executive Director
Illinois Board of Higher Education
431 East Adams Street
Springfield, Illinois 62701-1418

Dear Ms. Erwin:

On behalf of Follett, we thank you for the opportunity to share our comments on your recently-completed Draft Report on Textbook Costs and Rental Feasibility ("Draft Report") for the Illinois Board of Higher Education (the "Board"). Over the past week we have reviewed the Draft Report and find it to be thoughtful, well-balanced, and quite thorough on the textbook issues the Board was charged to investigate under Senate Resolution 692. Undoubtedly, the report's high quality reflects the Board's commitment to solicit and weigh the perspectives of various stakeholders, including those provided by Follett on several occasions.

As you are aware, Follett is the nation's largest college bookstore operator, and we continuously research the issues that are the subject of the Board's study. The constructive comments we have formulated and detailed below are based on our experience and shared commitment to find reasonable ways to reduce the cost of college course materials for Illinois students. We cannot stress enough our belief that promoting the used textbook market and the timely selection of course materials by faculty members are two significant ways to help reduce the cost of textbooks for students. As you move ahead with finalizing the report for submission to the Illinois Senate, we offer six additional comments to enhance the practical import of the report.

➤ **Comment 1: The Board Should Add A Finding That Most Students Participate In Buyback Programs And Those Programs Reduce Students' Overall Textbook Costs.**

The Draft Report contains three findings regarding the average amount students spend annually for textbooks at public universities and community colleges. Draft Report at 6. These findings explain that the cost estimates only reflect the initial (or gross) cost for textbooks, not any amount that students receive from selling their books back at the end of the semester. Id.

In our view, it is critically important that the members of the General Assembly understand that most students do in fact sell their books back and receive significant savings from buy-back programs. Otherwise, the Draft Report's cost estimates lose their proper context and potentially

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inflate the true *net cost* of textbooks to students. Based on our experience, at least 67% of students sell at least one book back at the end of each term, and nearly half (44%) sell all or most of their books back. In addition, students typically receive up to 50% of their initial purchase price if the textbook is readopted for the following term, and between 5%-40% if the book is not readopted.

Finally, since nearly 1/3 of all textbooks students initially purchase are *used textbooks*, students receive an upfront savings of 25% because used textbooks are typically sold at 75% the cost of a new textbook. In sum, we request that the Board add an additional finding that states that most students sell their books back and do realize a return that significantly lowers their overall annual cost for textbooks.

➤ **Comment 2: The Board's Final Report Should Discuss The Drawbacks Of An Unbundling Mandate.**

The Draft Report presents several cost-saving options that are available to the State. One such option is a legislative mandate that textbooks be sold separately when a textbook is sold as a package with other study materials (unbundling). Draft Report at 8, 43. In concept, we agree that neither bookstores nor students should be required to purchase bundles containing components that serve no academic purpose or are seldom used by faculty and students.

We believe, however, that a legislative mandate requiring unbundling is simply unworkable and would cause more harm than good for students for several reasons. First, we believe that there will be significant difficulty defining what constitutes a "bundle" and a uniform implementation of such a definition.

Second, the Draft Report does not state whether the unbundling obligation falls upon publishers or bookstores. If the obligation falls upon publishers, then publishers may require bookstores to sell unbundled materials at individual prices that are collectively greater than the bundled package. Certain publishers may also be unwilling to offer a textbook separate from ancillary materials. If this were to occur, faculty would be denied the opportunity in some cases to choose the best possible work, which could deny students the best possible education.

On the other hand, if the obligation falls upon bookstores, then bookstores would be required to double-stock the bundle—that is, stock it in both bundled form and as loose components. Aside from not usually having the physical space necessary to double-stock, bookstores would also incur double the inventory and handling costs. Bookstores simply could not bear these expenses without having to raise prices, reduce service, reduce commissions to its institutional clients, or all three. Simply put, Follett would oppose an unbundling mandate that fell upon the bookstore. As a result, we disagree with the Draft Report's assessment that mandated unbundling would not

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have a fiscal impact on institutions. Accordingly, we ask that the Board discuss the practical barriers and financial drawbacks associated with an unbundling mandate.

➤ **Comment 3: The Board's Final Report Should Explain The Practical Problems Associated With Mandated Price Disclosures.**

The Draft Report states that another cost-savings option available to the State is a mandate requiring publishers to provide faculty members with the price of course materials sold at the bookstore. Draft Report at 8, 41. Follett believes that such a requirement could be misguided and misleading. Few textbooks are sold with a list or preprinted price. In addition, publisher salespeople are not in the position to know the exact bookstore pricing set forth in the agreement between the campus bookstore and the institution; rather, the salesperson could only disclose the publisher's net price to the bookstore, not the actual amount paid by a student.

➤ **Comment 4: The Board's Final Report Should Reclassify Its On-line Book Swap Mandate As A Cost-Savings Option That Administrators May Want To Consider.**

Another legislative option detailed in the Draft Report is for the State to facilitate website links for students to access book swaps. Draft Report at 8, 39. Follett believes that the use of this option should be left to each institution, rather than mandated by the General Assembly. It is our experience that some institutions employ book swaps to reduce the cost of course materials today.

Facilitating a book swap, however, may negatively impact an institution's on-campus bookstore, and may have contractual implications for institutions that have outsourced their bookstores to third-party operators. The institutions that successfully employ books swaps weigh the educational, financial, and practical advantages and disadvantages, and consider the impact on their bookstores, whether self-operated or contract managed, in implementing these techniques. Follett believes that this option should be reclassified as an option institutions may want to consider, rather than a one-size-fits-all legislative solution that will not take into account or serve the unique needs of each institution.

➤ **Comment 5: The Board Should Discuss The Negative Financial Impact That ISBN Postings Can Have On Institutions And The Wider Community.**

The Draft Report also presents several cost-saving options that are available to the administrators of institutions of higher education. In particular, the Draft Report states that administrators could post a list of course materials, including the ISBN numbers for required textbooks, at least 60 days before classes begin to enable students to comparison shop for textbooks. Draft Report at 8, 40-41. While we were pleased to find the ISBN posting option classified as an option available to administrators, rather than as a legislative mandate, Follett believes that the report should

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include a discussion of the financial impact the option may have on institutions and the community.

As noted above, many of our institutional clients rely upon bookstore commissions to fund their educational mission. These commissions are derived from sales that occur at the bookstore. The same is true for institutions operating textbook rental programs, such as Rend Lake Community College, which use a portion of rental fees and/or bookstore sales to fund and advance other educational operations.

The widespread publication of ISBN numbers serves potentially to redirect business from the local bookstore to Internet booksellers who may only save many students a small percentage. Such a shift in sales could reduce the commissions that institutions depend upon from the campus bookstore. In addition, since Internet booksellers typically operate out-of-state, they employ no Illinois residents, nor are their sales subject to Illinois sales taxes. These impacts would negatively affect the wider community and may dwarf the benefits that students would receive. Follett believes that it is necessary for the Board's final report to include a discussion of these factors in order to comply with Senate Resolution 692. The Resolution directs the Board to thoroughly assess the economic impact that cost-saving alternatives will have on institutions, State and local governments, and campus bookstores.

➤ **Comment 6: The Board Should Recognize In Its Conclusion That The Support Of Bookstores Is Critical To The Success Of Cost-Savings Efforts.**

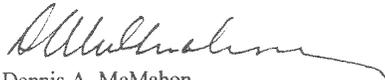
The Draft Report concludes that the success of measures to reduce the financial burden of escalating textbook costs on students and families depends upon the support of institutions, students, faculty, and publishers. Draft Report at 9, 45. As noted above, Follett is the nation's largest college bookstore operator, including 24 stores in Illinois. Follett is based in the Chicago suburbs and employs over 2,200 Illinois residents. We also provide temporary and seasonal employment to a much large number of students and others. As bookstore operators, we provide significant benefits to students through the services and used-textbook programs we offer and the commissions we provide to our institutional clients. Our success depends upon the availability of affordable course materials for students. As a significant stakeholder in the textbook industry, we ask that the Board include bookstore operators in its conclusion.

In closing, we again commend you and your staff on the quality of the Draft Report. We look forward to the Board's final report and working with you during the upcoming legislative session should the General Assembly move forward with legislative proposals. We also renew our offer to provide you and your staff with any information or assistance.

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If you have any questions regarding our comments or the information we previously provided, please feel free to contact me directly or Eric Madiar, our government relations contact in Springfield, at (217) 535-1060 or emadiar@freebompeters.com.

Very truly yours,



Dennis A. McMahon
Executive Vice President
General Counsel & Secretary

cc: Eric S. Madiar
Gary F. Shapiro
Fred Weber
Michael Tolly



500 E. Lorain Street

National Association of College Stores

Oberlin, Ohio 44074

December 29, 2006

Ms. Judy Erwin
Executive Director
Illinois Board of Higher Education
431 East Adams Street
2nd Floor
Springfield, Illinois 62701-1404

Dear Ms. Erwin,

I am writing in response to your request for comments on the Illinois Board of Higher Education (the Board) draft report on "Textbook Costs and Rental Feasibility." On behalf of the National Association of College Stores (NACS), I want to thank you for the opportunity to review and comment on the draft report.

NACS is headquartered in Oberlin, Ohio and is the professional trade association representing the collegiate retailing industry. We represent more than 3,000 collegiate retailers, including stores that serve virtually every college campus in the state of Illinois.

Overall, we believe the report accurately portrays the post-secondary course material industry and captures many of the key factors affecting course material costs for college stores and the students they serve. The examination of textbook rental programs is one of the most comprehensive and well-balanced policy studies done to date on the subject. We appreciate the thorough and professional job performed by your staff.

College stores support the goal of making a college education more affordable and helping students maximize their investment in course materials. It is for this reason, college stores work every day to find ways to reduce cost for students through such things as buying and selling used books, enhancing the adoption process for faculty, supporting improved communication between faculty and students on course material requirements, and many other approaches to help students that are highlighted in the report.

In carefully reviewing the draft study, we would like to comment on several key concerns we have with the report's recommendations. We have also noted some technical and other issues in the report we would like to clarify or correct and have enclosed these

comments. Should you require additional information or further clarification, please do not hesitate to contact us.

1.) **The net effect on textbook costs needs further explanation.**

As the College Board explains in *Trends in College Pricing* there is a significant difference between published prices versus the net costs in higher education. As is the case for college tuition and fees, there is also considerable difference between the “published cost” versus the true or “net” cost of course materials for the average student. The published estimated price of course materials as reported in the study’s findings are significantly reduced to a much lower net cost when factoring in savings arrived from purchasing a mix of new and used editions, buy-back, student aid, and tax incentives such as the state’s 529 Savings Plans.

While the report does indicate that the average student costs found in the Board’s survey do not take into account student buy-back, it should be more explicit on this reality since the majority of students do take advantage of these money saving options. This will allow policy makers, students, and parents to better understand these costs.

2.) **The viability of textbook reserves as a way to reduce costs needs further explanation**

Library and Departmental reserves are a viable option many institutions retain for supplemental recommended readings, and in limited situations core textbooks. College bookstores work with and support many of these programs through donations, direct support, and information sharing. The report recommends mandating publishers to provide tens of thousands of free additional copies of course materials to be placed on reserves. Any state mandate that would increase publisher costs is likely to be passed on in higher prices to college bookstores in their procurement role and student consumers, undermining this as a cost reduction strategy.

In 2006, the Massachusetts and Virginia legislatures both considered and rejected such proposals and higher education libraries in the states opposed the proposals. Libraries would have faced additional costs imposed on them in storage and administration if such a comprehensive mandate was enacted. Reserve copies would also not guarantee every student access to their course materials, as reserve access is strictly limited in time, availability, and use. Finally, few reserve programs are means tested to help the most disadvantaged students.

3.) **The Board should not recommend the state enact an unbundling mandate.**

While we are supportive of proposals that encourage faculty to weigh the effectiveness, cost, and use of bundled and supplemental materials and agree with the finding that supplemental materials found in bundles are largely driving price increases, we do not support proposing legislation to mandate unbundling. The two states (Virginia and Washington) that have attempted such mandates on publishers have failed to do so and

have, in the end, placed much of the burden on institutions of higher education and their college bookstores – those that have the least control over bundling design, pricing, and adoption decisions. There are three major issues for college stores in procuring and offering unbundled course materials: (1) are such offerings consistent with faculty adoptions, (2) what is the availability from the publishers and the price of the individual components, and (3) how do the costs associated with offering them bundled compare to unbundled.

We urge the Board to revise this recommendation and have supplied sample language and further explanation in our technical comments.

4.) The recommendation for publisher transparency needs to be clarified.

NACS supports the recommendation to promote reasonable publisher transparency as the state of Connecticut has recently done. However the recommendation needs to clarify what pricing information publishers must provide to faculty. Publishers do not set the ultimate retail price, nor in most cases do they have a suggested retail price. The Connecticut law requires the publisher disclose the price at which they will sell to the bookstore. Faculty can compare publisher prices and obtain the likely retail price by communicating with and working with the bookstore.

5.) The recommendation for course material adoption information posting should be revised.

NACS does not support proposals for new legislation that would unnecessarily mandate and regulate how institutions of higher education and college stores supply course material adoption information. Such legislative approaches present several problems including: (1) eliminating or disrupting the so-called final stage of the textbook adoption process, which ensures course materials requested by faculty are available and in a format that meets faculty and student needs – and saves students money; (2) forcing the release of preliminary and inaccurate information to students that can lead to costly ordering mistakes; (3) mandating ISBN information will increase the likelihood of students buying the wrong course materials; (4) will encourage students to turn to on-line and out-of-state textbook sellers first, hurting college and university student services, state tax revenue, private businesses within the state, and jobs; (5) disrupt successful sharing arrangements with students; and (6) subject institutions of higher education to liability for the accuracy of the information provided.

We urge the Board to further consider and revise this recommendation and have supplied sample language and further explanation in our technical comments.

6.) There should be a recommendation for the state to exempt textbooks from sales tax.

The Board should add a legislative recommendation that the state exempt textbooks from sales tax. Course materials required as part of enrollment should not be treated by the tax

code differently than required tuition and fees. Presently, 18 states explicitly exempt college textbooks from state sales tax. An additional five states have no state sales tax at all. While we recognize that any exemption of sales tax collection may have an impact on state revenue, we believe the loss of any revenue would be minimal compared to the cost savings for students and parents and the benefit of creating a pro-education tax system that is fair for Illinois students, colleges and universities, and businesses.

NACS supports efforts to enhance affordable and equitable access to quality course materials and will continue to work as an ally for student interests.

Sincerely,

Richard Hershman
Director of Government Relations

**Technical Comments and Remarks
Offered By
The National Association of College Stores
Regarding:**

**IBHE Textbook Cost Study
December 2006**

(Bold, italics and strikethroughs signify changes)

Note: these comments do not include comments on the executive summary, as the summary would be revised to fit the findings and recommendations of the report.

Page 11, Paragraph 5, Economic Theory –Role of Bookstore

College bookstores are in a situation similar to student consumers in the economics of textbooks. College bookstores are not traditional retailers with regard to course materials, but rather “procurement based retailers”. Unlike a traditional retail situation, college bookstores do not decide which textbooks and supplemental materials to stock and sell, rather faculty decide what will be ordered and sold. While bookstores set the ultimate retail price for textbooks, those prices are generally based on a standard retail margin that covers the cost of procurement and overhead necessary to run the bookstore. Those low margins (relative to standard retail margins –see chart) have remained fairly constant over time.

Page 13, Paragraph 1, Pricing Factors

In addition to those factors listed, marketing is a significant cost. Such costs include the thousands of sample copies provided free of charge to faculty. The recommendation later in the report to greatly expand the number of free samples provided by publishers will likely increase costs that will be passed on to the majority of students who purchase or rent their course materials.

Page 14, Paragraph 1, College Store Margins

According to the GAO, in 2005 the average margin – defined as the percentage of the selling price that goes to the bookstore – on new textbooks was 23 percent *before expenses and overhead* (National Association of College Stores 2006).

College store margins on textbooks are not set to arrive at a large profit, rather they are kept as low as possible relative to expenses and overhead that are not subsidized by the college or university. The limited income above costs that are generated are within the non-profit mission of the institution and are returned to students in the form of student services and financial aid. The general revenue generated from the bookstore from all

sales, not just textbooks sales and rentals, helps institutions with vital funds needed to keep other college costs such as tuition and fees from increasing further, and in some cases have allowed bookstores to reduce textbook margins. College store margins, particularly for textbooks, are lower than found in most retail channels students typically purchase from. (See attached chart.)

Page 15, Paragraph 1, Bundling

Students *and college bookstores* often do not have the opportunity to purchase the textbook separately when course materials are sold as a bundle *and the publisher price of a stand-alone textbook or supplemental material may be cost prohibitive versus a bundle.*

As indicated in NACS' comments of Aug. 4, 2006, the GAO found higher stand-alone prices for stand-alone textbooks and supplemental materials when sold by publishers ala-carte versus a bundle. These higher costs can negate the economics of college bookstores stocking stand-alone materials and students purchasing those materials because such materials would have higher costs versus a bundle. In addition, in all cases the college bookstore's role is to stock the required course materials faculty adopt, thus faculty's decision on what to adopt and use in their classes directly relates to what choices students have in purchasing their course materials.

For further comments on unbundling see our comments regarding the page 48 unbundling recommendation.

Page 16-17, Textbook Spending

As the College Board carefully discusses in its annual report on college tuition and fees, there is also considerable difference between the "published cost" versus the true or "net" cost of course materials. The published price of course materials is significantly reduced to a much lower net cost when factoring in savings arrived from purchasing used editions, buy-back, and student aid. The study should be more explicit on this reality so policy makers, students and parents understand that the reported costs are considerably higher than the actual net costs for students.

Unfortunately, despite substantial educational efforts and media attention regarding college course material costs, many students and parents do not embark upon college as well-educated consumers, nor are these costs adequately factored into their budgeting.

Currently the only national independent sources of annual average college course material costs information are the College Board and the National Center for Education Statistics' (NCES) Integrated Postsecondary Education Data System (IPEDS) (used and reported by the GAO study), which is required to be collected by the Higher Education Act. Both organizations and many states rely on individual colleges and universities to submit data. This data, often developed by the financial aid office, is for first-year students and is often used to help maximize a financial assistance package. To our

knowledge, neither NCES nor the College Board provides significant guidance on how to obtain and calculate the estimated costs, nor do they provide much of an explanation or context for these costs when they report on college costs to the public.

In its research NACS has found that the way institutions calculate these costs varies greatly. We have found that schools may not verify course material costs and student spending with the college bookstore or review actual book prices and class course costs. Nor do they factor in student buy-back — a process that can significantly reduce the net cost of course materials for students who sell their course materials. Further, the College Board and NCES report books and supplies together as a single figure for first-year students only, leaving little understanding of what the required course material costs are versus other more discretionary costs. As a result the current data collection and reporting is not as helpful as it could, and should, be for prospective students comparing college costs and budgeting for college.

Page 16, Paragraph 8, Textbook Spending, NRF citation

Finally, according to the National Retail Federation, students *surveyed anticipated spending* spent an average of \$702 annually for textbooks in 2005 (National Retail Federation 2006).

The NRF's survey conducted by BIG Research, did not ask students how much they spent on textbooks, rather the survey asked students and parents how much they expected to spend in the coming year. The Back to College and Back to School (K-12) surveys NRF produces are projection surveys and have tended to overstate the size of the postsecondary textbook market.

Page 19, Paragraph 6, Legislative Initiatives, Connecticut

Connecticut

Public Act 06-103 (HB 5527) was enacted on June 2, 2006. It requires publishers to provide faculty members with the *publisher list* price of course material sold to ~~at the college bookstore.~~ ~~In addition, the Act~~ and requires *publishers to disclose* the revision history of course material ~~to be provided~~ to faculty members. *In addition, the Act requires state public colleges and universities to adopt a policy that either permits students to use their financial aid to purchase textbooks at campus bookstores before they receive the aid or provides for disbursement of their aid when the term begins.* ~~According to the Connecticut Office of Fiscal Analysis, Public Act 06-103 has no fiscal impact on the state.~~

It is important to understand that the Connecticut law does not require publishers to provide the retail price to faculty. Publishers do not set the retail price and their sales representatives do not have this information. The law requires the publisher disclose the price they will sell to the bookstore. Faculty can compare publisher list prices and obtain the likely retail price by communicating and working with the store. The law also

mandates institutions to provide student aid credit at the campus store to ensure students on financial aid can obtain their books at the beginning of the term should the aid money be delayed. While Connecticut's Fiscal Office determined there was no monetary impact on the state, there are costs associated with the Act on the institutions of higher education who had to establish credit programs, though most already provided such programs.

Page 20, Legislative Initiatives, Virginia

The description of the Virginia 2006 law is not accurate and needs to be revised. The summary may have been based on an earlier version of the legislation. For example under the 2006 Virginia law:

1. The law does **not** require a textbook be sold separately in addition to a required bundle. Individual components are only required to be sold separately instead of a bundle when (1) the faculty member affirmatively states that he or she does not intend to use all of the material in a bundle they had intended to adopt, (2) the stand-alone items the faculty want are available from the publisher unbundled (not always the case), and (3) it is cost effective for both students and college bookstores (which is most often not the case due to publisher pricing strategies).
2. The law does not require or encourage sample copies be available at libraries or departments. That language was dropped after libraries voiced opposition to the provision in an earlier version of the bill.

The following is the language of the 2006 law:

HB 1478 CHAPTER 561

An Act to amend and reenact § 23-4.3:1 of the Code of Virginia, relating to university textbook sales.

[H 1478]
Approved April 4, 2006

C. The governing boards of public institutions of higher education shall implement policies, procedures, and guidelines that encourage efforts to minimize the cost of textbooks for students at public colleges and universities while maintaining the quality of education and academic freedom. The guidelines shall ensure the following:

1. *That faculty textbook adoptions are made with sufficient lead-time to university- or contract-managed bookstores so as to confirm availability of the requested materials and, where possible, ensure maximum availability of used textbooks;*
2. *That in the textbook adoption process, the intent to use all items ordered, particularly each individual item sold as part of a bundled package, is affirmatively confirmed by the faculty member before the adoption is finalized. If the faculty member does not intend to use each item in the bundled package, he shall notify the*

bookstore, and the bookstore shall order the individualized items when their procurement is cost effective for both institutions and students and such items are made available by the publisher;

3. That faculty members affirmatively acknowledge the bookstore's quoted retail price of textbooks selected for use in each course;

4. That faculty members are encouraged to limit their use of new edition textbooks when previous editions do not significantly differ in a substantive way as determined by the appropriate faculty member; and

5. That the establishment of policies shall include provisions for the availability of required textbooks to students otherwise unable to afford the cost.

D. No funds provided for financial aid from university bookstore revenue shall be counted in the calculation for state appropriations for student financial aid.

Page 20, Legislative Initiatives, Washington

The five primary provisions of the bill are:

1. provide the option of purchasing unbundled materials to students, *when possible*;
2. disclose the difference between editions to students and faculty;
3. promote and publicize textbook buy-back programs;
4. make retail costs *on a per course basis* publicly available to students and faculty; and
5. ~~faculty and staff members must consider the most cost effective practices in textbook decision-making.~~ *Faculty and staff consider the least costly practices in assigning course materials and working closely with publishers and local bookstores to create bundles and packages if they deliver cost savings to students.*

The summary of the law is misleading. The option of students purchasing unbundled is only when "possible", which means factoring in similar issues NACS identified in its Aug. 4, 2006, letter and reflected in the Virginia state law as limitations on the ability of college stores to acquire and sell unbundled course materials. Here is the law:

RCW 28B.10.590

Course materials — Cost savings.

1) The boards of regents of the state universities and the boards of trustees of the regional universities and The Evergreen State College in collaboration with affiliated bookstores and student and faculty representatives shall adopt rules requiring that:

- (a) Affiliated bookstores:

(i) Provide students the option of purchasing materials that are unbundled when possible, disclose to faculty and staff the costs to students of purchasing materials, and disclose publicly how new editions vary from previous editions;

(ii) Actively promote and publicize book buy-back programs; and

(iii) Disclose retail costs for course materials on a per course basis to faculty and staff and make this information publicly available; and

(b) Faculty and staff members consider the least costly practices in assigning course materials, such as adopting the least expensive edition available when educational content is comparable as determined by the faculty and working closely with publishers and local bookstores to create bundles and packages if they deliver cost savings to students.

Notes:

Findings -- Intent -- 2006 c 81: "The legislature finds that:

(1) Often the bundling of texts, workbooks, CD-ROMs, and other course related materials is unnecessary since many students do not use all of the materials included and may realize cost savings if materials are also offered independently one from the other; and

(2) Many faculty and staff select materials uninformed of the retail costs and differences between versions.

It is the intent of the legislature to give students more choices for purchasing educational materials and to encourage faculty and staff to work closely with bookstores and publishers to implement the least costly option without sacrificing educational content and to provide maximum cost savings to students." [2006 c 81 § 1.]

Page 34, Community Colleges Adoption Cycle and Costs Table

In a review of several of the "Annual Traditional Costs" column, NACS is concerned by several textbook cost figures and is unsure how some were determined. Comparing these numbers to the books and supplies data reported by the same institutions to IPEDS yields in many cases very different numbers for the 2005-2006 school year (last year reported). For example, Harper College reported \$1,200 in the IBHE survey, however the college reported only \$800 for books and supplies in 2005-2006 in IPEDS. Carl Sandburg reported \$1,354 for textbook costs in the IBHE survey, yet only reported \$838 for textbooks and supplies in 2005-2006 to IPEDS.

The accuracy of such estimates are important considerations in weighing how much textbook rentals would save students versus the traditional buying and selling approach and benchmarking cost reduction strategies. This also underscores the need for the study to be very clear about the difference between published costs versus actual net costs for

students, which can be considerably less. We are pleased one institution reported a net cost estimate in reporting their data.

Page 38, Paragraph 7, Impact on Employment

According to several private store members in Illinois, they believe the potential negative impact on employment at private college bookstores in the state should be carefully considered. Private stores in the state employ hundreds of individuals in textbook sales, many of which have over 20 years of service and who could find significant hardship relocating or finding equal or better jobs. Local student and community employment opportunities may also be reduced and not easily replaced in some instances.

Page 39, Paragraph 1, Tax Revenue Loss

The Illinois Department of Revenue estimates the loss in general revenue to the State could be \$27.9 million *in FY2007 and would increase each year* as a result of a textbook sales tax exemption.

NACS believes this particular estimate was for a single year. Projections of sales tax normally take into account student enrollment projections and price changes. Further, as prices increase, the amount of tax levied on the textbook purchase has also increased. That said, in several cases we believe states have been overstating the loss of revenue from sales tax exemptions because many states may be over estimating student spending on textbooks by multiplying FTEs by average textbook and supply estimates, which include costs that would still be taxed and student spending at online sources, from which the state is not collecting.

NACS strongly supports state education tax incentives including sales tax exemptions for course materials that make college, particularly course materials, more affordable for students and parents. We believe such policies should be vendor neutral, allowing institutional, private, and leased bookstores to compete on a fair and equal basis while ensuring a reasonable level of accountability. Why shouldn't course materials that are required as part of enrollment be treated differently than required tuition and fees?

Presently, 18 states explicitly exempt college textbooks from state sales tax. An additional five states have no state sales tax at all. Twelve state legislatures have introduced proposals in recent years to exempt college textbooks from sales tax. While we recognize that any exemption of sales tax collection may have an impact on state revenue, we believe an exemption of college textbooks is minimal compared to the cost savings for students and parents and the benefit of creating a pro-education tax system that is fair to Illinois students and businesses.

Page 40, Paragraphs 2-4, Policies for Administration and Faculty Members, Reserves

Higher education institutions could establish policies and guidelines regarding cost-saving measures for students. This alternative ~~would~~ *based on the type of approach*, could have ~~no~~ *a* fiscal impact on the State or to the institutions.

As commented on in the second paragraph of this page, library or department reserves can create significant costs to the institution. Ms. Carolyn Kruse, Director and Senior Academic Librarian of the University of Wisconsin-Madison before the Federal Advisory Committee for Student Financial Assistance's textbook field hearing at the University of Illinois-Chicago recently confirmed this in her testimony. In the case of the legislation in Massachusetts cited in the report, the Massachusetts association representative of the college and university libraries in the state strongly testified against the proposal at the hearing. In speaking in opposition, the library representative explained that the costs are not only the course materials, but also the space needed to house them and the problems libraries have run into of textbook reserves being stolen from the library. When a similar proposal was suggested in Virginia legislation in 2006, libraries again opposed the provision and it was dropped from the final law that was passed.

The proposal that publishers should dramatically increase the number of free complimentary textbook copies would likely increase their costs and be passed on through higher costs for the vast majority of students who won't use or are unable to use the reserve system.

Page 40, Paragraph 5, Textbook Selection

The deadline for textbook selection could be moved up and more strongly enforced to help ensure used books are available for purchase. *This must be in sync with assigning faculty to courses in a timely manner.*

One of the great challenges encountered in moving up the adoption timeline is with the growth of the use of adjunct faculty, since many are not assigned the courses they are to teach until close to the beginning of the semester. It is important for this study to reflect the greater higher education policy environment that course materials live within.

Page 40, Paragraph 7

A deadline would allow the institution to publicly post a list of course materials ~~information with ISBN numbers, the universal book identifier~~, in a timely manner. Effective communication among the bookstore and faculty members would assist in meeting the deadline. This alternative *may* ~~would~~ have ~~no~~ *a* fiscal impact on the State or to the institutions.

See directly below for an explanation of course adoption list posting. Note that posting, as it relates to the recommendation, would have a fiscal impact for the state and institutions because on-line sellers do not collect sales tax, and the corresponding loss of

sales to on-line sellers will reduce revenue to support bookstore textbook procurement costs and revenue to institutions and students.

Page 40, Paragraphs 6-7, Public Lists

~~A list of course materials, including ISBNs, new textbook prices, and used textbook prices, could be compiled and made public 60 days prior to the beginning of classes. This would allow ample time for students to do comparison shopping. In addition, students should be advised by the institution on how editions vary. In cases in which the variation between editions is minimal, students could purchase used copies of prior editions. Again, legislation could be enacted to require that ISBNs be made public.~~

Public Colleges and Universities should be encouraged, in consultation with their bookstores, to develop policies that share course material adoption information with enrolled students. Such information should also include edition variance information when such information is readily available from publishers and is consistent with faculty adoptions. Such policies should recognize the important role normally played by the campus store in the adoption process, as well as the costs to the institution and campus store of developing and providing course material adoption information.

NACS does not support proposals for new legislation that would unnecessarily mandate and regulate how institutions of higher education and college stores supply course material adoption information. Such legislative approaches present several problems:

- 1. Legislatively mandating course adoption posting at an arbitrary 60 days before the semester could eliminate the final stage of the textbook adoption process, whereby faculty select course materials for their respective classes.**

Requiring institutions of higher education to publish on-line course adoption lists at 60 days before the semester could be prior to the final stage of the textbook adoption process has been completed for certain classes. This could result, in preliminary and inaccurate information being provided to students leading some students to order incorrect materials from on-line sources and not being able to return those wrong materials to the on-line seller. While 60 days may be enough time to complete the process for some classes, the findings of the study suggest faculty at a number of institutions fail to submit their adoption information in on time. Further with the growth of the use of adjunct faculty, some faculty are not even aware of the class they will teach sixty days before classes begin.

The final stage of a typical adoption process includes a limited, but critical period of time after the faculty provides the college bookstore with book list information. The store conducts research on the requested titles for edition, in print and availability status, and binding type (hard, paper, bundles, etc.). The store will then contact faculty to discuss any issues that would hinder the requisition of their requested materials. Out of

increasing concern for student cost, many stores will also bring forward options, if available, for the faculty to consider that will help save students money.

At this point in the process faculty will often be submitting their course material lists with limited information—that's why the role of the bookstore in the adoption process is so critical. For example, the store may contact the faculty to ask if instead of the newest edition, would the faculty consider using last year's edition. The store may also discuss with the faculty to verify if they need a bundled book if it was ordered, or maybe they don't need it, or only parts of it.

Once the research and exchange of information is completed, the school ADOPTS and orders the course materials, at which time course material list data can be added to the store's web site.

2. Mandating ISBN information will increase the likelihood of students buying the wrong course materials.

While many stores currently provide the International Standard Book Number (ISBN) to students, ISBNs, which are designated by publishers and the 160 ISBN Agencies worldwide, are not an exact science and are subject to change and error. Multiple ISBN numbers may exist for the same textbook if for example it is part of a bundle. In fact, a bundle may contain as many as 10 ISBNs as each component and the bundle itself will have a unique ISBN. Custom book ISBNs designed for a specific class or institution will be meaningless for students shopping from online national sellers who will not stock the custom material. ISBNs may change if a book is reprinted with a new or altered title or reprinted by another publisher. In some cases college bookstores will not know the exact ISBN number until the order of course materials are received in boxes at the bookstore from the publisher. ISBNs are also subject to human error whereby information may be given or recorded incorrectly resulting in students purchasing the incorrect book. ISBN numbers are so rampant, that recently the publishing industry increased the number of digits employed as they were running out of existing combinations.

3. Such legislation by promoting broad access of course material lists on the internet and outside of the college stores that have a demonstrated vested commitment to the campus and local community, will encourage students to turn to on-line and out-of- state textbook sellers first, hurting students, colleges and universities, jobs, state revenue, private businesses within the state, and citizens.

By in effect promoting students to shop outside of the state for textbooks and stay out of the bookstore, such legislation will result in a loss of revenue to Illinois public colleges and universities and hurt the local private bookstores within the state that offer choice for students. Further, the loss of sales to out of state on-line vendors will reduce sales tax revenue to the state, as Illinois' brick and mortar businesses—including college bookstores—collect sales tax, while out of state on-line sellers for the most part do not collect sales tax.

4. Proposing legislation to require institutions (college bookstores) in the state to do what is already being provided to students at virtually all of Illinois' institutions and college bookstores, makes little sense.

Virtually all of Illinois' public colleges and university bookstores already publish on their web sites textbook adoption course lists. Students today can go on-line select their courses from a list and the textbooks assigned by faculty will be displayed along with other relevant information, such as edition numbers, ISBN, new and used book pricing, and ordering options. Many of Illinois' college bookstores offer students enhanced options for on-location order pick-up to save time and avoid shipping charges and many will also ship their materials as well. College bookstores are providing these enhanced web-based services to meet their student customer needs.

As technology has improved, Illinois' college stores are aggressively finding ways to use it to support the academic mission of their colleges and universities and address the needs of their student customers. Many of Illinois college bookstores are utilizing online faculty adoption forms, allowing for more accurate and timely information, to increase the number of titles that may be eligible for buyback when students sell their books, and to help save students money in buying textbooks as a result.

5. The legislation could subject liability to institutions of higher education for the accuracy of the information provided.

The legislation could lead to premature and bad information being provided to students. This raises the concern that students who will suffer financial loss may attempt to hold the institution of higher education or the bookstore accountable for errors in adoption information that may be beyond their control.

6. The legislation may miss-direct responsibility on institutions of higher education and their bookstores for certain types of information and guidance such as edition changes.

As proposed in the report, public colleges and universities would be responsible for disclosing to students the changes between editions of all the course materials faculty adopt. Institutions of higher education and bookstores are not experts on the changes from edition to edition of course materials, rather this information rests with publishers. Some, but not all, publishers provide this information in their marketing materials to faculty, on their web sites or in the front of their books. Institutions should not be held accountable for information they may not readily be available to them from publishers who do not provide such information publicly.

Further, institutions and their bookstores should be providing information and guidance to students that are consistent with the course material requirements of the faculty for their students enrolled in their classes. If a faculty member would like the store to inform students they may purchase the 5th or 6th edition of a required text, that would be appropriate, but ultimate adoption decision-making of what material will be required should rest with faculty and their respective departments when applicable to the institution.

Page 41, Paragraph 2, Textbook Advisory Committee

Higher education institutions could form Textbook Advisory Committees consisting of cross-disciplinary teams of faculty members as well as representatives from administration, the bookstore, and the student body. The committees' mission would be *to examine the issue of textbook prices and look for ways in which textbook expense could be moderated within the context of the institution, improve communications among stakeholders, and educate stakeholders about course material issues and costs.* ~~review the adoption of new textbooks and editions as well as weighing the cost savings to students while ensuring the quality of textbook selection is not compromised.~~
This alternative would have no fiscal impact on the State and little or no fiscal impact on the institutions.

As drafted the paragraph sounds as if the advisory committee would be overseeing and regulating faculties' adoption of course materials. To date the most successful advisory committees tend to have focused on many of the issues identified in this report and promoted efforts at improving communications among the campus' stakeholders, which must be a continuous process as turn-over of students, faculty, and staff occur on a regular basis.

Page 41, Paragraph 3, Complimentary Copies

This recommendation, as we have discussed above with respect to **reserves**, is problematic. Any state or institutional mandate that would increase publisher costs would likely be passed on to college bookstores in their procurement role and students. Further, such complimentary copies would not guarantee every student access to their course materials, as reserve access is limited both in time and availability. Also libraries would have additional costs imposed on them in storage and administration.

Page 41, Paragraph 5, Tax Exemptions

See Edits and Comments for page 39, Paragraph 1, Tax Revenue Loss

Pages 41-42, Technology

Community colleges and public universities could use ~~technology alternatives~~ to provide, *under certain circumstances*, cost-saving alternatives, such as e-books, e-reserves, ~~chapters~~, *open source content*, and custom books *and course packets*.

Custom books or course packets do not necessarily employ technology to deliver the content, so it may make sense to change the title from "Technology" to "Alternative Formats". This would take into account alternatives such as open source course materials and course packets, as well as those described in this section.

Digital or technology-delivered course content has not always arrived at a reduced total cost of ownership for students. In the last year the typical price of digital content (academic) was 20-30% below the retail price of the printed version (new book). This does not take into account the net added costs of computers, printers, paper, ink, Internet connection, and electricity. If a used book were available in the same title, the digital version and the used book were often comparably priced.

Since buyback is not an option for digital content, the total cost of ownership is often the highest (most expensive) for digital. So, while students will pay a bit less at the start of the term they will not have anything to show for it at the end of the term....nothing to liquidate to contribute to the next semester's books.

I-Chapters – or digital content chunking – is a new, but limited approach, which is only being pilot tested by a single publisher for a limited number of titles and a limited number of faculty classes in the United States. The content employs digital rights management software that restricts the length and type of use of the material by students. As with e-books, the total cost of ownership of buying chapters of books individually may be greater than had a student purchased a hard copy of the textbook and sold it at buy-back.

Page 43, Unbundling

While we are supportive of proposals to encourage faculty to weigh the appropriateness, cost, and use of bundled and supplemental materials, we do not support proposing legislation to mandate unbundling nor do we believe institutional policies to mandate publisher unbundling would be effective. States that have attempted such mandates on publishers have failed to do so and have in the end placed much of the burden on college bookstores that have little control over bundling design, pricing, and adoption.

As we commented on in our Aug. 4 letter, ideally college stores would like the ability to work with faculty on their adoptions allowing in certain circumstances the ability of students to purchase supplemental materials individually so they can be used with a new or used textbook and fit the student's specific needs, reduce costs, and remain consistent with the faculty's adoption. In June of last year, the NACS Board of Trustees established a policy position that states: "*NACS encourages publishers to provide faculty and stores, at a reasonable cost, the opportunity to acquire individual components of bundled course materials for adoption and resale. We applaud those publishers who offer this option to fit the specific needs of faculty and students.*"

There are three major issues for college stores in offering unbundled course materials:

1.) Faculty adoptions

The role of the college bookstore is to ensure faculty-adopted course materials are available for all classes. It is important in offering students course materials that it is consistent with what the faculty identifies are needed or recommended for students enrolled in their class.

2.) Component availability and price

While some progress has been made by publishers, it is still a frequent problem that some components, such as web site access codes, are not made available individually for faculty adoption and resale. The GAO reported that this lack of availability and higher stand-alone prices for components undermines students' opportunity to acquire more affordable used books along side new supplemental resources that a faculty member may require or recommend.

3.) Cost of offering unbundled and bundled

While NACS encourages publishers to provide faculty and stores the opportunity to acquire individual components of bundled course materials at a reasonable cost, it has significant concerns about mandating campus bookstores to stock and sell both faculty-adopted bundled course materials and non-adopted unbundled components or requiring stores to stock and sell individual components of bundles, when their individual ala-carte costs are significantly higher for students than the price of a bundle. Mandating college stores to sell both bundled and unbundled components burdens campus bookstores with the onerous requirement of double stocking inventory. This will result in:

1. Increased shipping and handling costs for orders and returns to and from publishers at a time when shipping costs have increased dramatically.
2. Requiring stores to stock more materials than will be sold, resulting in increased non-purchased material.
3. A significant loss of refunds and increased restocking fees for returns to publishers, as publishers will often only refund a percentage of the value of material returned – costing approximately 20.2 cents for every dollar's worth of textbooks that are returned to publishers.
4. Increased shelving and storage space needs on campuses that may not have additional space available.

All four of these higher costs would have to ultimately be passed on to students, undermining unbundling as an approach to lowering costs.

It is also important to note that requiring Illinois college bookstores to stock and sell both bundled and unbundled components, regardless of cost effectiveness, will provide out-of-state on-line booksellers a further incentive to directly sell select course materials to students without having to comply with these new requirements. On-line out-of-state retailers already enjoy the benefit of cherry picking popular titles for sale, while not collecting state sales tax.

Attn: Nicole Krneta Rogers

From:

Lee Blankenship
VP/CEO
Village Commons Bookstore
901 Lucinda Ave.
DeKalb, IL 60115

Board Member: Illinois Retail Merchants Association
Leadership Council: National Federation of Independent Business
Former Chairman: Private Stores Committee of the National Association of College Stores

Phone: 815-758-0613
Fax: 815-758-5578
E-Mail: books@vcbs.com
Web: www.vcbs.com

Village Commons Bookstore is a privately owned bookstore serving Northern Illinois University since 1970. I have been in the college book store business for over 38 years. I started as a student worker for Kennedy Book Store at the University of Kentucky in 1968. I worked for Kennedy's as their textbook manager until 1983. I then ran Southern Illinois Book and Supply, serving Southern Illinois University, and John A Logan College Book Store, until 1997. In 1997 I became the managing partner in Village Commons Bookstore. I am still serving in that capacity.

It is my firm belief that the rental of textbooks is not the solution to the problem of rising costs of textbooks. I believe that rental would be too expensive for the state to implement and to support. I believe that instructors would not have the academic freedom to design their courses in the best interests of the students. Rental would put businesses like mine out of business with a loss of jobs (mainly students) and a loss of sales tax revenue.

It is my belief that publishing companies are the largest problem with the rising costs of textbooks. Publishers are using custom publishing and bundling of other materials with the primary textbook to force the sell of NEW books and to limit the buyback of books from the students. Let me give one example of how a publisher tried to force the sell of new books on the campus of Northern Illinois University.

Every freshman english student at Northern Illinois University is required to buy an english handbook. In the fall semester of 2004, the English Department adopted a book by Raimes, titled: Keys for Writers, published by Hlughton Mifflin. I will give a four year history of this adoption.

Fall 2004: ISBN 0-618-43785-1 Raimes: Keys for Writers (This book was bundled with a CD and other things that the students did not use) This book was bundled to sell only new books.

Spring 2005: We bought the textbook back by itself and sold to the students without a problem.

Fall 2005: ISBN 0-618-68076-4 Raimes: Keys for Writers-Special Edition for Northern Illinois University (This book had added about 16 pages of information about NIU that could be obtained from other sources. The textbook was exactly the same.) We sold both books without any problems.

Spring 2006: We bought both of the books back from students and sold them without any problems.

Fall 2006: ISBN 0-618-81474-4 Raimes: Keys for Writers-2006-2007 Edition for Northern Illinois Universtiy (This was the same basic textbook with the 16 pages of NIU information included with the inclusion of Essay winners and Essays from 2006.) We sold all three books without any problems.

Spring 2007: ISBN 0-618-75386-9 Raimes: Keys for Writers New 5th Edition. (This book does not have anything from NIU included. All the Sections Headers are the same as the 4th Edition. There does appear to be some changes to the book.) We plan to sell all of the books. The Handbook is only used for reference in writing assignments.

I believe that this is a perfect example of how a publisher tries to force the sell of new books to the detriment of the students of Northern Illinois University.

In a free market system without the tactics of publishers like the illustration above, here is how it should work.

\$100.00 new price of book

\$75.00 price of used book (student buys used)

\$50.00 Student sells book back to bookstore (assuming the book is used in the following semester)

\$25.00 true cost to student for the cost of the book. (this saved the student \$75.00 or 75% of the cost of the text)

This would be my suggestions to greatly hold down the costs of College textbooks:

- (1) Bookstores (college and private alike) should receive the book information in a timely fashion to ensure the best price to the students and allow bookstores to search for used books.
- (2) Limit the adoption of books with new editions and needless changes or custom editions that have no resell value. These books limit the students ability to purchase used books and sell his/her books back at the end of the semester.
- (3) Force publishers to sell textbooks unbundled. The burden of unbundling should be on the publisher not the bookstores. Bookstores should not be forced to double stock the bundles and the individual parts.
- (4) Prohibit faculty, staff or departments to benefit financially from the sell of required textbooks and materials.
- (5) Insure that any charge systems implemented by the College or University or its Agents representing the University or College share these charge systems with Private Bookstore in the College or University community. This would increase competition and give the students the ability to shop for their books and supplies. This is addressed in the "University Credit & Retail Sales Act" of Illinois. Some Community Colleges in the State of Illinois believe that this act does not apply to them. I do not agree with that assumption.

I believe that these changes would greatly decrease the cost of textbooks to Illinois students and their parents.

I would be honored to provide more examples of bundling abuse by publishers or my testimony if needed to help with this issue.

Respectively Yours,

Lee Blankenship
Village Commons Bookstore

3 January 2007

Ms. Judy Erwin
Executive Director
Illinois Board of Higher Education
431 East Adams Street
Springfield, Illinois 62701-1418

Dear Ms. Erwin:

On behalf of Chicago State University (“CSU”), thank you for the opportunity to share our comments on the Draft Report on Textbook Costs and Rental Facility (“Draft Report”) for the Illinois Board of Higher Education (“IBHE”). For the past several years, CSU has partnered with the Follett Corporation to manage our bookstore. Over the term of this partnership, Follett Corporation has improved offerings and expanded schedule resulting in increased focus on product and service offerings; and more importantly increased student, faculty and administration satisfaction. Follett has run the bookstore operation more efficiently and lowered the cost of college materials for CSU students.

We offer the following management concerns and questions regarding the draft report:

- Students pay rental fees, with no guarantee of a market for their used books and course materials. Will students realize a return that significantly lowers their overall annual cost for textbooks?
- Will the program create supplies of obsolete books and course materials?
- Will any legislative solution take into account the educational and financial needs unique to each institution?
- Ala carte offerings, i.e. bundled vs. unbundled book and course offerings. Can an institution offer online book swaps or unbundled book and course materials based upon an assessment of the financial parameters of the program?
- What will be the source of funding for inventory, facilities and staffing to start an in-house bookstore operation?

If you have any questions regarding our comments or the information we previously provided in our response to the study, please feel free to contact me directly.

Best regards,

Alan D Robertson
Vice President
Administration and Financial Affairs

KrmetaRogers, Nicole

From: Karen Anderson [Karen.H.Anderson@illinois.gov]
Sent: Tuesday, January 16, 2007 8:52 AM
To: KrmetaRogers, Nicole
Subject: Textbook report response

Karen--below is College of DuPage's official response to the report.
The other emails I sent should be replaced by the statement below.
Thanks

Administrators and Faculty at College of DuPage appreciate the opportunity to respond to the Committee on this important issue. We found the report to be thorough and helpful to our college. We are deeply concerned about the rising costs of textbooks and educational material for student and endorse the concept of sales tax exemption for these items. However, we do not support legislation that would impose requirements for all institutions. College of DuPage will continue our efforts to reduce textbook and materials costs by considering and adopting some of the recommendations made in the report as well as others that may be developed by our institution.

Vice President, Student Affairs
College of DuPage
425 Fawell Blvd.
Glen Ellyn, IL 60137

Phone 630-942-2486
FAX 630-858-9622
-----Original Message-----
From: Nielsen, Kay Anne

Karen Hunter Anderson, Ph.D.
Sr. Director of Student & Instructional Services
Illinois Community College Board
401 East Capitol Ave.
Springfield, IL 62701
(217) 785-0086

Please note that my email address has changed to Karen.H.Anderson@illinois.gov

1/22/2007

**Response from Provost Presley and Vice President Adams to
“A Report on the Feasibility of Textbook Rental Programs and Other
Textbook Cost-Saving Alternatives in Illinois Public Higher Education”
Prepared by the Illinois Board of Higher Education
December 2006**

Senate Resolution 692 directed “the Illinois Board of Higher Education (IBHE), in conjunction with the Illinois Community College Board (ICCB), to conduct a study of the cost and feasibility of implementing textbook rental programs at community colleges and public universities as well as identifying other textbook cost saving alternatives.” The Report appropriately addresses the various issues impacting the cost of college textbooks, the strengths and weaknesses of a textbook rental program, and alternatives to a rental program.

IBHE determined that the success of a textbook rental program is dependent upon:

- Sufficient mandatory rental fees to cover annual operating costs
- Additional funding for the Monetary Award Program (MAP) to provide additional funds for low-income students facing fee increases for textbook rentals.
- Campuses developing a consensus among students, faculty and administrators that “a textbook rental program is an effective method for reducing textbook costs without adversely affecting quality”
- Addressing start-up costs for implementing a textbook rental program
- Sufficient storage space for textbook inventory
- Development of textbook rental policies and procedures

The key issues in implementing a textbook rental program at Illinois State University remain the same

- Start-up costs (\$16 million)
- Space to store textbook inventory and distribute textbook rentals (20,000 sq. ft.)
- Difficulty in implementing a textbook rental program at an institution the size and complexity of Illinois State University (large enrollment, small class size with diversity of class offerings, research emphasis)
- Commitment from faculty to selecting a textbook across sections of same course
- Commitment from faculty to use same text for at least three years
- Commitment from faculty to forego bundled texts (text, workbook, CD)
- Contract with Barnes & Noble College Bookstores (expires June 2011)
- Loss of revenue from contract with Barnes & Noble College Bookstores (approx. \$320,000 annually)

The IBHE Report lists several alternative cost-saving measures. Some of the alternatives are problematic. They may require an institution to take action for which it has no authority and/or may invade of academic freedom. Such alternatives include:

- Require faculty and staff members to consider the most cost-effective practices in textbook decision making.
- Prohibit community college and public university faculty, staff, an academic department from benefiting financially from selection of required textbooks.
- Require publishers to provide faculty members with the price of course materials sold at the bookstore and the revision history of course materials.

In conclusion, the IBHE Report on textbook rentals is comprehensive. However, it fails to adequately address the obstacles to implementing a textbook rental program at a large, research university. Of the 25 colleges and universities nationwide with textbook rental programs none of the institutions are research

universities and the largest university has an enrollment of 15,000 students. Additionally, 71% of the institutions with textbook rental programs have had the programs in place since the institution's founding. Besides the exorbitant start-up costs (\$16 million), there are significant pedagogy issues for a University who takes pride in offering small class sizes and a diversity of courses in meeting graduation requirements. Ultimately, a textbook rental program at Illinois State University would provide minimal cost savings to students – approximately the cost of two concert tickets, dinner, and gas for the trip to the concert.

**Response to
Report on the Feasibility of Textbook Rental Programs and Other Textbook Cost-Saving
Alternatives in Illinois Public Higher Education**

We at Lincoln Land Community College have studied the above named report with deep interest. We commend the panel for tackling this important issue faced not only by students but also the colleges and universities where they study. We are committed to assisting our students in their pursuit of higher education in every feasible way. Textbook prices are steep and we are concerned with the impact on our students, why the prices are high, and ways we might ameliorate the costs.

The report does a fair job of addressing some of the issues, but other issues associated with the cost of textbooks are not clearly defined. The report seems to treat the use of new editions as a choice of the faculty. That is simply not the case. If a publisher prints a new edition, book wholesalers stop purchasing the previous edition from the students and the LLCC bookstore can no longer purchase enough of the previous edition to cover the classes. At that point, we have no choice but to go to the new edition regardless of the teacher's wishes.

Under Options for the State, the report suggests prohibiting departments from benefiting financially from the selection of the required textbooks. It is not clear if this is referring to teacher produced textbooks or publishers paying departments for certain textbook adoptions. Clarification of this issue is necessary. We are unaware of instances where departments benefit financially from the adoption of certain publishers' textbooks.

The report mentions repeatedly the idea of placing books in the library for student access. This idea may work for some books, but other books/classes require the use of integrated software that can only be used by one person for a specific period of time. In addition, certain textbooks contain a security code that is used to gain web access to web-integrated materials associated with the textbook. These codes may only be used by one individual. Books that require the use of the integrated software or web security codes could not be used in a library setting. Books with these features are becoming the norm rather than the exception.

The report also mentioned publishers donating free copies of textbooks to libraries for student use. Colleges and universities have no control over a publisher's willingness to do so. It must be recognized that the book publisher is in business to make a profit and this recommendation is diametrically opposed to the profit motive. In addition, the suggestion of the library putting books online carries with it a myriad of issues associated with copyright laws and the possibility of resulting lawsuits.

We can not emphasize strongly enough, that book bundling is a problem forced upon colleges and universities by the publishers. Often, publishers will simply not allow bookstores to purchase textbooks without the bundle. In addition, many publishers refuse to sell components separately. As a result, the student is forced to buy the whole package new due to the complete unavailability of a previously used text for that class. Demanding that the bookstore sell course materials separately would force the bookstore to buy the bundle, separate the parts, sell them

separately and be stuck with any components since publishers refuse returns on parts of bundles. This action would serve to increase the cost of books further since the cost would need to be passed on to the consumer in order for the bookstore to remain financially viable. Any legislation regarding book bundling must be directed at the publishers and not colleges and university bookstores since we have no control over this issue.

Under the Options for Administration, the bookstore is being asked to post textbook information 60 days in advance. We believe that this is too early for all concerned. Bookstores will have great difficulty processing the information that early, and a student can certainly search the internet for books at a better price in a much shorter time frame than 60 days. The request for 60 days is excessive. Please be aware that bookstores cannot order new books too far in advance of the starting of classes or we will miss the deadline set by the publishers to return unsold books after classes have commenced. Also, many changes occur with teacher placement and class cancellations during that 60 day time period. If a student orders a book 60 days out and the class is cancelled or a new teacher is assigned who uses a different book, that student has no way to return the book bought from sources other than the bookstore.

Although we have no research to prove it, our experience in the college bookstore indicates that your statement concerning new editions being released every three to five years is inaccurate, every 2-3 years is more often the case. Also, you have failed to address that certain types of textbooks are updated yearly such as some nursing books and some computer/information technology books. Books that are updated yearly and books pertaining to a student's major field of study are generally books that students tend to keep as resources. Therefore, these books will rarely be found used and we have found that students desire to purchase these books rather than rent them. Often these books cost \$100.00 or more.

The initial reason this legislation was instigated is due to the high cost of college textbooks. However, please be aware that the pricing of textbooks by the publishers is not addressed in your report. College bookstores have no control over this and it is something that we believe should be investigated on a more global scale.

Finally, concerning the textbook rental programs, we are in agreement with the report in that "Faculty members, administrators, and students must reach a consensus that a textbook rental program is an effective method for reducing textbook costs without adversely affecting quality." This is a decision that should be left to the institution to make based on the types of programs, their unique institutional demographics, and objective data regarding additional cost to the college or university versus potential savings. Books that are bundled with workbooks, software and other learning aids could not be rented due to publisher's refusal to sell the bundled items separately. Also, books that students desire to retain, such as ones pertaining to their major field of study or books that are updated yearly, would not be feasible for inclusion in a rental program. We appreciate the opportunity to respond to this report and remain supportive of efforts to retain affordability for students accessing educational opportunities within the State of Illinois.

Sincerely,
B. J. Euler, Director
Lincoln Land Community College Bookstore

Moraine Valley Community College

I just got a copy of the report and wanted to respond to you on behalf of Moraine Valley. I think you all did a nice job on the report. You did extensive research and I certainly can't argue with the facts. I do have just a few comments to offer. In the executive summary, a comparison is made between average costs for books in non-rental programs and those in rental programs and this, of course, shows a pretty big gap. At least in our survey response (and I would venture to guess that other institutions reported this the same way), we gave you the average cost for all NEW books. This would be less if you bought both new and used books. However, in rental programs, you have both new and used books, which brings the price down to both the student and the institution, for that matter. Therefore, when you make a quick comparison between the two options, it makes it look like it is a straight comparison when in fact it probably is more apples to oranges.

I also think it would be good to point out that in some cases, like at Moraine Valley, we found that the cost to students for books through either a rental program or a strong buy-back program were virtually the same (with the exception that students would have upfront costs in the buy-back program and would not get their money back until they sold back their books at the end of the term). I think this is an important point to make because otherwise it looks like the rental program is kind of a panacea and that all institutions should find a way to implement it regards of start-up costs and other challenges. I really don't think we want to put all our eggs in one basket and suggest that a rental program is the best option for all students at all institutions. I don't think the report is saying that necessarily, but I do believe that some legislators easily could interpret it this way because of the emphasis on this particular option in the body of the report.

I also think a point could be made that legislation could be passed so that book costs could be covered under MAP grants, even though they are not currently but this is an option that could be considered. I say that, but also am concerned with focusing in on MAP, even as it relates to mandatory book rental fees, because MAP has not been fully funded in recent years due to the state's financial situation.

I hope these comments are helpful to you. If I have others, I will send them to you. Happy New Year to you.

Sincerely,

*Nancy W. Bentley, Ph.D.
Vice President of Student Development
Moraine Valley Community College
9000 W. College Pkwy.
Palos Hills, IL 60465
708-974-5209 Phone
708-974-5269 Fax
bentley@morainevalley.edu*

From: Wilcockson, Mark [mailto:M-Wilcockson@neiu.edu]
Sent: Monday, January 01, 2007 9:20 PM
To: Baumgartner, Mike
Subject: Draft Textbook Rental paper

Overall, I think the draft textbook rental report is comprehensive and well written - good job. If it's not too late, I have a couple of observations on the draft report.

Limitations of Rental Programs (p. 23) - another limitation is the increase in administrative staff that would be required to administer these programs. We have taken the position that certain services can be outsourced - food service, bookstore. This is heading in the opposite direction. (Also, since bookstore operations are discussed in this draft as possible auxiliary employees, increases in bookstore employees could also have an impact on CMS group health and life insurance benefits costs. But perhaps they would be fee supported employees - need to talk with EIU or SIUE.)

Fee to Support Debt Service (p. 37) - it does not seem fair that the initial cohort of students would be required to pay the normal operating costs of the textbook rental program AND the debt service costs to begin the program.

Tax Revenue Loss (p. 38) - the discussion does not include the loss of corporate income taxes. I am sure our vendor - Becks - pays some form of state income taxes on profits earned from NEIU bookstore operations. These would go away, as would sales taxes, if the rental program was implemented.

Also, you may want to make it clearer that the information provided by the institutions is estimated based on limited knowledge of textbook rental programs. Actual costs likely will vary.

Mark Wilcockson
Vice President for Finance and Administration
Northeastern Illinois University



Office of
the President

1600 East Golf Road
Des Plaines, IL 60016
847.635.1801
Fax 847.635.1992

January 12, 2007

Dr. Karen Hunter Anderson
Senior Director, Student and Instructional Services
Illinois Community College Board
401 East Capitol Avenue
Springfield, IL 62701

Dear Dr. Anderson:

Prompted by the release of the Board's *Report/Study of the Feasibility of Textbook Rental Programs* for Illinois colleges and universities, I am providing feedback for you. You may recall that Oakton Community College responded to your survey earlier this year, and the College shares the concern about the rapidly rising cost of textbook materials for students.

Oakton must respect a faculty member's choice of textbooks and instructional materials as set forth in the contract between the Oakton Community College Board of Trustees and the Oakton Community College Faculty Association. As adjunct faculty teach approximately 50 percent of the College's courses, it is important that this group – sometimes hired with little preparation time – have the option of choosing materials that will enrich our students' learning experience. Shifting to a textbook rental program presents a thorny and complex situation that might even impair the College's ability to deliver the best possible teaching in the classroom.

Moreover, some 80 percent of Oakton students pay for the cost of education "out of pocket." Requiring these students to share in the burden of funding the start-up costs associated with a rental program would be inappropriate.

In addition, the notion that the Monetary Award Program (MAP) grant will support financially needy students does not seem feasible, for two reasons. First, given the draconian cuts to MAP in recent years, it seems highly unlikely that sufficient funding could be found to support the textbook rental start-up costs. Second, not all financially needy students qualify for a MAP grant.

In short, should the state legislature find a textbook rental program a viable option, legislators will need to find the funding for start-up costs from a source other than students.

However, several options come to mind that would enhance a faculty member's ability to choose quality materials at a more reasonable cost to students. Some of these include:

- Requiring publishers to disclose the price of course materials to faculty and the amount that will be reimbursed to students at book buy-back. Clearly this type of information

supports informed decision making. Without strong disclosure laws, publishers are not under any obligation to provide practical information.

- Requiring publishers to print revision history inserts for new editions.
- Requiring publishers to offer unbundled materials (pertinent legislation that our state legislature can help support) and include student access codes for electronic instructional materials.
- Requiring publishers to offer black and white printed versions of textbooks.
- Requiring publishers to provide copies of textbooks for institutions to place on reserve in the library.

Helping faculty better understand their options is vital. Currently the College is experimenting with small incentives to encourage faculty to order materials on time, if not early, to make book buy-back more attractive for students. Student government leaders also speak at Faculty Senate meetings to extol faculty who make thoughtful textbook decisions. In addition, the Oakton Textbook Committee explores options to reduce textbook costs; encourages faculty to put materials on reserve in the library; and supports a textbook grant program initiated by the student government.

As an institution, Oakton Community College remains committed to helping students and working together as a community to find solutions, rather than being mandated by the state legislature to create a model that would pose even more problems for our financially challenged students. We encourage the legislature to find other ways to mitigate the spiraling costs of textbooks.

Sincerely,

/s/ Margaret B. Lee

Margaret B. Lee, Ph.D.
President

MBL:cw

From: Richard Massie [mailto:richardm@shawneecc.edu]
Sent: Wednesday, January 10, 2007 11:27 AM
To: Karen Anderson
Subject: Textbooks Comments

Karen,
I find the implementation of a textbook rental system would be cost prohibitive for Shawnee Community College.
I do agree that with access to the internet and other research databases it is not unrealistic to adopt textbooks for 3 to 6 years.
Thank you,

Richard Massie, Ph.D.
Shawnee Community College
Vice President of Student & Administrative Services
618-634-3245 (W)
618-521-8958 (C)
visit Shawnee Community College at www.shawneecc.edu
visit Dr. Richard Massie at www.richardmassie.com



SOUTHERN ILLINOIS UNIVERSITY

December 13, 2006

Judy Erwin
Executive Director
Illinois Board of Higher Education
431 East Adams Street, Second Floor
Springfield, Illinois 62701-1404

Dear Director Erwin:

In response to your invitation to provide comments on the *Draft Report on Textbook Costs and Rental Feasibility*, permit me to say that the overall report is thorough, cogent, and persuasive in its breadth and depth. Our concern is not with the body of the report, but with the conclusion which we believe to be weak and potentially troublesome.

We suggest that the conclusion recognize that universities and third-party bookstores are well aware of the challenges that students and their families face in covering escalating textbook costs. Recognition of this is evident in a veritable host of options which have spawned in recent years, many of which have entered the marketplace as a means of reducing costs.

We also suggest that reference be made to the fact that the publishing world is undergoing a transition and that the limited options once available to students are morphing into alternatives few thought possible a few years ago. The choices—from Amazon.com, E-Bay, Books-on-Line, electronic journals, etc.—are now many and varied. We suspect that economist Adam Smith's admonition for letting the marketplace sort out the winners and losers on the basis of cost and buyer preference is once again proving to be true. Students are finding ways of reducing their costs, and the market is chasing them to make it happen.

Our hope is that IBHE and the General Assembly will forego any belief in any single across-the-board answer to the textbook issue. There is no one solution that works for all. Moreover, textbook costs are simply one of a multitude of cost-containment challenges facing us today. One could easily include energy, deferred maintenance, capital, tuition, and financial aid, to mention but a few.

Clearly, one size shoe will not fit all of our needs. Institutional administrators, students, faculty, and publishers should be encouraged to continue their work at finding more cost-efficient means of reducing the financial burden on students and their families. Textbook costs are only one aspect of that larger picture. Asking the universities to set performance

Office of the President, Stone Center - Mail Code 6801, 1400 Douglas Drive, Carbondale, Illinois 62901

Carbondale • Edwardsville • Springfield • Alton • E. St. Louis
Carbondale, Phone 618/536-3331, Fax: 618/536-3404 Edwardsville, Phone 618/650-2426, Fax: 618/650-3216

Judy Erwin
Page 2
December 13, 2006

benchmarks and find their own solutions is, in our judgment, the preferred direction to take.

You can be assured that we will continue to work at SIU to control the costs of higher education, including programs to reduce the cost of textbooks.

Thanks for the opportunity to respond.

Sincerely,



Glenn Poshard
President

/am

cc: John Dunn
Vaughn Vandegrift

From: Brad O'Brien [mailto:bobrien@spoonrivercollege.edu]
Sent: Friday, January 05, 2007 8:33 AM
To: Karen Anderson
Subject: Comments regarding Draft Report/Study of the Feasibility of Textbook Rental Programs

There is a lot of talk of providing complimentary copies of a text to the library. If this is done I think the cost should be absorbed by the publisher each time a new edition comes out.

* Faculty need to be informed that they should make more texts optional if they don't plan to use it much. The perception of price gouging in the bookstore is furthered by students having to purchase textbooks that aren't used or used seldomly in the classroom.

* We had an instructor adopt a text from www.freeloadpress.com. We purchased 10 books from them to sell in the bookstore at likely a 70% savings over what we would have paid the publisher. This book was black and white and no bells and whistles. I suggest requiring publishers to make that same type of book available for each title they sell. I know it would be print on demand but it would sure keep the prices down.

* Publishers need to provide access codes at affordable prices instead of the exorbitant prices they charge now.

* Page 32 of the report discusses lost revenue from the bookstore in a rental situation. It mentions that colleges will be forced to look other places to make up that revenue. Colleges are not going to look for other places. They are strapped already and they are going to take the easier route of making cuts. This is never mentioned as a possibility but I believe it to be a very real one. The result of cuts will only hurt the student.

* Finally, the report mentions that there is a gap in student aid. It mentions that Pell awards etc. are not high enough. I believe that instead of that being so much the problem, the gap is in eligibility. The middle income students are the ones that are falling in a gap. Their EFC (Expected Family Contribution) is set at a certain rate and that prevents them from getting aid. The formula does not take into account other obligations that the household may have that make the EFC impossible to provide. Again, it is the student that suffers from this.

Thank you for your consideration,
Brad

Brad O'Brien
Director of Purchasing & Auxiliary Services
Spoon River College
23235 North County Road 22
Canton, IL 61520
309-649-6294
bobrien@spoonrivercollege.edu

www.SpoonRiverCollege.edu
Caring - Respect - Integrity - Fairness - Responsibility

January 12, 2007

Ms. Judy Erwin
Executive Director
Illinois Board of Higher Education
431 East Adams Street
Springfield, Illinois 62701-1418

Dear Ms. Erwin:

The feasibility study of implementing textbook rental programs at Illinois community colleges and public universities conducted by the State presents an oversimplified solution of reducing the cost of textbooks. Renting textbooks only shifts the cost of textbooks rather than providing any true efficiency improvements. The concept is risky without compensating reward in that it calls for substantial capital investment in assets (textbooks) that have unstable and rapidly declining values. Hiding the cost of textbooks in a rental program is not a prudent solution to help the affordability of education in the State of Illinois.

The difference between the purchase price and the sell back price is the true economic cost of using a textbook for any given period of time. There is not an economic savings in this cost by restructuring the payment to a rental.

Renting textbooks requires mandatory adoption periods that are typically longer than existing adoption periods. Assuming a three-year adoption period the "book life" is equivalent to approximately an 80% used book ratio. The used book ratio, percentage of used text to total text, is approximately 33% at Triton and in line with the industry standard. The rental system results in some students using very old editions and makes the assumption that there is no value in purchasing new books.

Mandatory adoption periods do not solve the problems of fluctuating enrollment. Decreasing enrollment would require Schools to make risky decisions on either to hold stock or to sell it at wholesale prices. Enrollment increases may even require Schools to purchase old editions. Budget cuts may also put pressure to keep old editions for far too long. Schools might even be "forced" to hold classes based on books in stock rather than the needs of the student. There are also additional inefficiencies on collecting books back from students and keeping the School's textbook inventory in good condition for use. Using outdated or poor condition learning materials would deprive Students in Illinois of the best possible education.

The current used book market is fair in the fact that students typically can purchase used textbooks at 75% of the new book price when they are available, and students typically can sell textbooks to the bookstore at 50% of the purchase price if the textbook is adopted for the next semester.

The potential for savings is in making more used books available to students, and getting students the highest buy back price from the bookstore. This is best accomplished through a timely adoption process and not by renting or artificially imposed adoption periods.

The efficiency savings is produced from getting adoptions in on a timely manner. The report states on page #40 that "More than 90% of orders received by the [on campus] bookstore come in well past the preferred due date." Timely adoptions would allow the bookstore to pay the student the maximum value for the book, and increase the number of used text the store can procure from other sources. Buying back

more used books benefits both the bookstore and the students. This does not limit academic freedom, or require the State to float multimillion-dollar revenue bonds. Schools making decisions on which books they will adopt in a timely manner best achieves the goal of producing cost-savings to students.

In response to the sales tax savings shown on page #39 of the report, it would be far more prudent to exempt textbooks sales from sales tax rather than restructuring the sale to a rental program to avoid paying the sales tax.

Profitable bookstore operations result in funding the School's overall mission. Changing from self-sufficient bookstore to a subsidize rental bookstore would just use funds from other operations without producing any overall benefit to the student. A subsidized rental system would also allow new inefficiencies to emerge. This would hinder competition that makes on-campus stores work hard to keep the sale of textbooks from going elsewhere.

It is not surprising that so few Colleges and Universities rent textbooks. In contrast the State should look at emerging changes in technology that would allow better digital delivery of information. Leadership in the digital age is where the State of Illinois should be focused. In the near future textbooks may even become obsolete due to technology advances. For the State to pass legislation or issuing revenue bonds to implement an antiquated and an inefficient rental would not yield the results intended nor be an effective approach to improving the affordability of Education. This plan will cost the students one-way or the other. Schools will raise tuition to cover the loss in revenue and to cover the costs of operating the rental program.

Please feel free to contact Jim Reynolds at 708-456-0300 ext. 3542 if you have any question concerning this response.

Respectfully submitted,

/S/Jim Reynolds

Jim Reynolds

Executive Director of Finance

/S/Doug Olson

Doug Olson

AVP Student Services

From: Charles Evans [mailto:cevens4@uillinois.edu]
Sent: Monday, January 01, 2007 5:54 PM
To: Garecht, Carol
Cc: Alexander, Gary; Murphy Marshall, Marilyn M.
Subject: Re: Draft of the Textbook Study

I am impressed with much of the detail in the study -- it provides a foundation for decision making. At the same time, I have the following, three concerns:

- The first and most significant appears in the "Conclusion" (pg 9) of the Executive Summary and the Report (pg. 45) itself -- "*Textbook rental programs...could help reduce the financial burden on students and families...* but then notes that to be successful, "*they will need the support of institutional administrators, students, faculty and publishers*" That statement is followed, somewhat curiously, by the following sentence -- "*Some states have found legislative action an effective tool ...*" The big stopper, in my opinion, is not institutional support, etc., but the \$218M in start-up costs. From where will that money come? If that is what is meant by "*legislative action,*" then okay but I doubt it. I believe a reference to the significant start-up costs needs to appear in the summary conclusions.
- My second concern has to do with the examples presented for Illinois -- two regional universities and two rural community colleges. Although there is a statement (pg.21) that "*none of the institutions (presented nationwide) are research institutions,*" the point that approximately 1% of degree granting institutions nationwide offer textbook rental seems to get lost. There are sound, academic reasons why textbook rental programs would not support quality teaching at certain, larger institutions. Those reasons need to be carefully articulated.
- Finally, when we did an earlier review of textbook costs for Chair Jim Kaplan, I was impressed by the efforts of many faculty and departments to mitigate the high costs of textbooks. A few of those actions are noted on page #45 but, If this is to be valid and fair study, a better sense of those efforts occurring on our campuses should be included.

Dr. Charles Evans

Associate Vice President

University of Illinois

From: Devi Prasad V.Potluri [mailto:vpotluri@csu.edu]
Sent: Thursday, December 14, 2006 12:03 PM
To: Pearce, Richard
Subject: RE: Textbook study draft

**I circulated the draft among the Faculty here at CSU.
Here is the summary of the comments I received from my colleagues at CSU so far.**

- 1. The faculty have no problem in helping to reduce the cost of text books . they are already doing certain things that
are included in the recommendations - like - Trying to inform the bookshop on time [three months before] so that books can be ordered on time;
trying to restrict the orders without any bundling; trying as much as possible not to restrict the students to buy new editions [older editions are being used
if they are not significantly different]; so that students can buy used books from several used book sellers. Some departments are trying to develop a three year
course offering schedules which will help identify the books also in advance. The library is willing to keep a copy of each text book if there is budgetary support for it.**
- 2. Several of our student depend on book vouchers to buy books. These can only be redeemed at the CSU bookshop run by a a Private entity. While the bookshop has used books,
by the time vouchers are issued to students, the used books are gone. They have no choice but to buy new books.**
- 3. The book rental program is not feasible for CSU . We will try all other options to help reduce the cost of books.**

If and when I get more comments, I will pass them to you.

Dr. Devi Prasad V. Potluri
Assoc. Prof. of Botany
Department of Biological Sciences
Chicago State University
9501 S. King Dr.
Chicago, IL 60628
Phone: 773 995 2199
e-mail: vpotluri@csu.edu

From: Steve Rock [mailto:SM-Rock@wiu.edu]
Sent: Wednesday, December 20, 2006 2:34 PM
To: Pearce, Richard
Subject: Re: Textbook study draft

Concerning the options to the rental program:

State

1. • Require faculty and staff members to consider the most cost-effective practices in textbook decision making.

I am concerned about the use of the word "require". It is unenforceable if enacted. A word like "request" is much more realistic.

Another option under faculty:

1. Adopt new editions only when significant changes occur.

When a textbook goes into a new edition, it may be difficult or impossible to round up enough copies of older editions. The resale value of books that are not the current edition is zero. I have no idea how older editions would be priced by bookstores.

Thanks for sharing the draft with me. I've sent it to members of our Faculty Senate and if they provide any feedback, I'll pass it on to you.

Steven Rock
Department of Economics
Western Illinois University
309-298-1343

Comments submitted on IBHE website:

Textbook Rental Programs

- I have read the draft of "A Report on the Feasibility of Textbook Rental Programs and Other Textbook Cost-Saving Alternative in Illinois Higher Education" and I offer the following comments:

1. Faculty in programs which are subject to specialized accreditation may frequently choose the latest edition of textbooks because of the need to adhere to accreditation criteria requiring "state-of-the art" or "current" curricula and textbooks.

2. No evidence is presented in the report of the effect of legislation regarding textbook rental programs or other textbook cost-saving alternatives. Has there been an increase or decrease in costs when legislation has been enacted?

3. Likewise, there is no evidence presented in the report of the educational outcomes of either textbook rental programs or the current systems of textbook purchase. Logic might lead one to assume that using the latest edition of textbooks leads to better educational outcomes. While cost may be an important factor, the impact on learning of purchase or rental programs should also be an important part of the decision.

4. Lengthening the time period in which faculty may adopt new editions of textbooks may have an effect on the opportunities faculty have to publish textbooks. Limiting opportunities for faculty to publish can have unintended effects on faculty scholarship, promotion, and tenure.

I would be happy to discuss these points in more detail or if my points are not clear. I appreciate the opportunity to comment.

Rebecca K. Wojcik, PT, MHPE, GCS
Assistant Professor
Department of Physical Therapy
Governors State University
University Park, IL 60466
708/235-2231
r-wojcik@govst.edu

- I laud the investigation of any way to reduce the cost of a college education. The proposal of a textbook rental program should give all students the opportunity to access the texts necessary for success in their coursework. While you are investigating the feasibility of textbook rental, I hope you will consider a provision for students to apply the rental fee to purchase should the student so choose. In upper division and graduate courses the texts are chosen for their relevancy to the course of study and as foundational pieces to the building of a personal professional library for future course work and professional practice. There is continual pressure for teachers, health and human service practitioners, lawyers, etc. to provide evidence to support their practice decisions. Pre-service professionals must learn from their professors the importance of this library of texts and the references in these texts to support their practice.

Catherine P. Brady, Ed.D, OTR/L
Master of Occupational Therapy Program
Governors State University

- -Getting sales tax eliminated on textbooks would reduce costs by \$25-50 a semester in Chicago.

-Coursepacks and CD-Rom E-books would be more usefull and interactive.

-Brian Matos
SGA President
Columbia College Chicago

- 1) There will be a problem if the state mandates that faculty select the most cost-effective texts---interferes with

academic freedom.

2) As long as there is a process in place to assure that faculty authored textbooks are evaluated by an impartial committee of qualified content experts, there should be no prohibition against the adoption of those texts for class.

- One of the omissions of the study was to examine the lower cost publishing alternatives as way of reducing costs. One such alternatives would be to eliminate "hardback" books and only use paperback books moving to a more generic look for the books. Using less expensive paper products to print the books on would also provide a reduction in publishing costs. Moving toward books that might not be resold (because of their cheap costs) but would be recycled for their material content would help put the emphasis on the information in the book not its appearance. The idea of using such expensive materials for books that for the most part do not become part of an individual's reference library is simply wasteful and expensive. We are better off to at least offer these "plain wrapper" books as an alternative to the high cost flashy ones to see what students prefer.
- Textbook life can also be extended by producing updates as supplemental pamphlets with new information to current editions, rather than publishing a whole new textbook.

Virginia's law about faculty not being able to benefit financially from the use of a textbook is also reasonable.

Not necessarily textbook related, but another cost-savings to students might be realized by unbundling the research arms of universities from their teaching function. If university research is assumed to produce economic benefit, let the profit of that research directly provide the income for continuing research, or return that profit to the taxpayers who funded it in the first place. Mandate that student tuition and fees only pay for the teaching function and those fee-based activities in which a student CHOOSES to participate.

- I manage a community college bookstore. I've never dealt with renting books but have talked with other managers who have done so. They say it is a lose, lose, situation. My only thought is from dealing with students renting calculators. It was also a lose, lose, situation as many calculators never returned. If a student chose to come back to school at a later date and I had their name on hold, the rent it would have cost them to catch up from the time they decided not to bring it back, was overwhelming and would have kept them out of school.

Another thought is that of the loss taken when a new edition comes into play, making the old one obsolete and with no value whatsoever. A manager buys books based on history of the class. If history shows average enrollment of 20, the books are bought and only 10 are rented, you've lost money. So, you lose money on the 10 sitting on the shelf, plus any that are not returned.

I don't see it as a feasible or a quality educational move. My suggestion is that the publishers quit adding supplemental items that look free, call it a new edition and raise the price. Nor should they add a page in the index area, call it a new edition and raise the price. I've compared editions and know that this is happening. If there isn't any new educational information added to the book, then there shouldn't be new editions published. Technical books probably are changing every 2 to 3 years, but history, geography, and like classes don't change that much. Especially classes covering eras of the past. History is just what it says, history. If it didn't happen back then, how in the world can a new edition be made with more information about a history already printed.

Just my thoughts.

- Why not force institutions to buy back from their own students first before they turn to wholesalers for their used book supply?

Total Responses: 8

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