

The Price is Wrong: College Textbook Inflation¹

This IPRO report examines the policies of college textbooks that can change prices or make prices more transparent.

Definitions

Bundling: the practice of shrink-wrapping and selling a textbook as a package along with supporting materials. This can drive up the cost to students by making them pay more for additional materials (i.e. supplementary study guides, CDs).²

“The Broken Market”: a market that does not operate according to normal supply and demand mechanisms. Professors, who choose textbooks, do not have to purchase them and may not be sensitive to price. Students, the consumers, have to buy textbooks regardless of cost.

Overview³

The college textbook market is sizeable, and according to the National Association of College Stores University bookstores had \$10.3 billion in sales in the 2009 - 2010 fiscal year.⁴

Buying college textbooks can place a substantial financial burden on students. From 1986 to 2004 college textbook prices rose at twice the rate of overall inflation. Today, a college student can expect to spend around \$1,000 on course supplies over an academic year. Frequent revisions, bundling, and the “broken market” have contributed to the increasing cost of textbooks.⁵ Recently, state governments have taken legislative action to control rising textbook prices.

State legislation has aimed to reduce the cost of textbooks by:

- Exempting textbooks from sales tax.
- Requiring that instructional materials are available unbundled.
- Encouraging faculty to consider cheaper options.
- Promoting rental and buyback programs.

States have tried to make the cost of textbooks more transparent by requiring:

- Publishers provide summaries of changes made in new editions.
- College bookstores provide information to faculty on the cost of instructional materials.
- Public universities inform students of course materials and cost by a deadline.⁶

¹ This IPRO report was prepared by University of Iowa undergraduate students Sarah Claypool (<sarah-claypool@uiowa.edu>) and Steven Shredl (<steven-shredl@uiowa.edu>).

² “Textbook Costs in Higher Education.” *University of Wisconsin System*. Office of Operations Review and Audit, Apr. 2007. Web. 30 Oct. 2011. <<http://www.wisconsin.edu/audit/textbookcosts.pdf>>.

³ Grove, Jeffrey. “Focus on Rising College Textbook Prices.” *www.sreb.org*. Southern Regional Education Board, Mar. 2009. Web. 30 Oct. 2011. <http://publications.sreb.org/2009/09S04_Focus_textbook_prices.pdf>.

⁴ “Higher Education Retail Market Facts and Figures, February 2011.” National Association of College Stores. Web. 3 Dec. 2011. <<http://www.nacs.org/research/industrystatistics/higheredfactsfigures.aspx>>.

⁵ “Textbook Costs in Higher Education.” *University of Wisconsin System*. Office of Operations Review and Audit, Apr. 2007. Web. 30 Oct. 2011. <<http://www.wisconsin.edu/audit/textbookcosts.pdf>>.

⁶ Bell, Julie, Vincent Badolato. “Textbook Turmoil.” *State Legislatures Magazine*. Feb. 2008. Web. 13 Nov. 2011 <<http://www.ncsl.org/default.aspx?tabid=12827>>.

Costs and Benefits to Textbook Policies

Benefits

Affordability

Policies that promote cheaper textbook options could significantly lower the cost of textbooks and lessen the financial burden to students. Textbook rental programs provide potential cost reductions of 40-65 percent, used books provide cost reductions of 25-50 percent, and digital offerings reduce textbook costs 30-50 percent.⁷

Access for low-income students

The high cost of textbooks is especially burdensome to students from low-income families. Total grant aid often does not fully cover textbook expenses, and the timing of financial aid disbursement can sometimes result in students having to wait to purchase textbooks. Cost concerns can lead some students to choose not to buy required textbooks.⁸

Costs

Quality

Authors could become reluctant to revise new versions of textbooks with updated information. Publishers argue that frequent new editions are needed to keep up with current research and knowledge acquisition. They also argue supplemental materials enhance education.⁹

Faculty choice

Selecting textbooks under the pressure to choose cheaper options for students interferes with academic freedom. Professors may be more likely to choose a less costly textbook that is not as thorough or informative as a more expensive option.¹⁰

Publisher compensation

Producing textbooks requires the participation of authors, designers, and other experts. The Association of American Publishers reports that the cost of producing a textbook can exceed \$1 million, and new textbook sales are the only funding source for textbook development. Used sales provide no income to publishers and authors.¹¹

Federal Action¹²

Similar to state legislative action, Congress passed the Higher Education Opportunity Act (HEOA) in 2008 to address textbook costs. HEOA went into effect in 2010 and included three main provisions to counteract the “broken market” and make college textbooks more affordable:

⁷ “Turn the Page: Making College Textbooks More Affordable.” Advisory Committee on Student Financial Assistance. Web. 30 Oct. 2011 <<http://www2.ed.gov/about/bdscomm/list/acsfa/turnthepage.pdf>>.

⁸ Ibid.

⁹ “Strategies for Reducing Students’ Textbook Costs.” Minnesota Office of Higher Education. Web. 30 Oct. 2011 <<http://www.ohe.state.mn.us/pdf/textbookCostsReport.pdf>>.

¹⁰ Ibid.

¹¹ “The Higher Education Textbook Market.” Association of American Publishers. Web. 3 Dec. 2011 <<http://www2.ed.gov/about/bdscomm/list/acsfa/txtbkpres/hochheisersup.pdf>>.

¹² “Higher Education Opportunity Act - 2008.” United States Department of Education. Web. 14 Dec. 2011. <<http://www2.ed.gov/policy/highered/leg/hea08/index.html>>.

- The publishers are required to disclose revisions and prices to professors when they market their books to faculty.
- Publishers are required to offer all items in bundled textbooks for sale separately.
- HEOA asks colleges to provide textbooks lists at the time of registration so students can anticipate course costs and have time to shop around for the best deals.

State Action

*California*¹³

Legislation passed in 2008 requires that publishers print on the covers of new editions of textbooks the copyright date of previous editions and a summary of revisions made. Campus bookstores must post their retail pricing policy for new and used books in the store or online. Faculty members are encouraged to place book orders sufficiently early.

*Oklahoma*¹⁴

Legislation passed in 2007 states that campus bookstores must sell bundled course materials separately, inform students and faculty of the price of course materials and edition changes, and promote buyback programs. Publishers must provide information to faculty regarding prices and revisions made in new editions. The law prohibits faculty from receiving incentives to adopt a certain textbook and campus bookstores from buying back or reselling complimentary copies of textbooks.

*Texas*¹⁵

In 2011, legislation designed to promote textbook affordability went into effect. Colleges and universities are required to provide the retail price, authors, publishers, and copyright date each of each courses' textbooks to students at least one month before the start of the semester. Colleges and universities must also inform students of programs that reduce textbook costs such as renting or buyback programs.

Publishers must provide information regarding revisions made to new editions of textbooks and the time between revisions. If publishers sell textbook bundles, they must also provide each item individually.

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¹³ "A Survey of Textbook Related Legislation." The Senate Source. Web. 30 Oct. 2011. <<http://www.universityofcalifornia.edu/senate/news/source/textbooklegislation.pdf>>.

¹⁴ "Options Exist to Address Rising Cost of Textbooks for Florida's College Students." *OPPAGA Report*. Office of Program Policy Analysis and Government Accountability, Apr. 2008. Web. 30 Oct. 2011. <<http://www.oppaga.state.fl.us/reports/pdf/0829rpt.pdf>>.

¹⁵ Hamilton, Reeve. "Day 13: Textbook Affordability Measures Kick In." *The Texas Tribune*. Web. 30 Oct. 2011. <<http://www.texastribune.org/texas-legislature/82nd-legislative-session/day-13/>>.