



Bruce Hildebrand
Executive Director, Higher Education

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HECC Textbook Working Group
c/o Sean Pollack
Oregon University System Chancellor's Office
Portland, OR 97207

Dear Mr. Pollack,

Thank you for this opportunity to participate in the Higher Education Coordinating Commission's textbook work group to make course materials more affordable. Per your suggestion, this letter will address Section 1, (2) (a) of House Bill 4058.

The mission of this work group is important. Students, parents, colleges and the state are all looking for ways to stretch their dollars and pay their bills. A good education is universally recognized as the best avenue for personal economic success and for the future of the U.S. economy. Removing impediments to obtaining an education is good for us all.

While the mandate of this work group appears to be relatively narrow, it is actually a key piece of a larger issue. The group's members need to focus not just on price, but on product and student outcomes. The question of why faculties adopt certain textbooks and course materials over others needs to be included in any discussions and conclusions. Textbooks and course materials, whatever the price, are of little or no value if they do not meet the diverse educational needs of our students.

Oregon students' investment in textbooks and course materials is particularly small when compared to tuition and fees, room and board, transportation, supplies such as computers and the countless other costs for attending a college or university. Consider that the estimated expenses for an on- or off-campus student attending Oregon State University in 2011-2012 were \$21,475, according to the National Center for Education Statistics (NCES). During that same period NCES estimated expenses for an off-campus student at Central Oregon Community College to be \$15,312. Studies by the National Association of College Stores show that the average student spends \$655 dollars per year on their textbooks and course materials. Based on these figures, OSU and COCC students are spending 3% or 4%, respectively, of their education dollar on textbooks and course materials.

In real dollar and relative terms, student spending on textbooks and course materials has been flat or going down since 2006. According to a July 31 report by the National Association of College Stores, student spending on textbooks dropped 6% over the last four years. According to Student Monitor, student spending on course materials in 2010 declined 10% vs. 2009 and 20% vs. 2008. Textbooks are the lowest expense for on-campus students and tied with transportation for off-campus students, according to The College Board.

It is commendable that this work group strives to accelerate these declining trends in student spending while improving student completion rates and lowering costs per pupil for colleges and universities. However, one must examine whether some of the strategies listed in HB 4058 will positively contribute toward this goal when put into practice:

(A)– Identify and examine textbook cost –savings strategies, including:

(A) Statewide bulk purchasing of textbooks

Bulk buying of *printed* textbooks would seem to be a logical and simple way to save on costs, but there are problems. At least three states, Virginia, Maryland and Texas, considered and rejected bulk buying. Bulk buying would appear to offer potential savings on *printed* textbooks by:

- 1) Reducing publishers' wholesale prices through volume sales;
- 2) Reductions in shipping costs: Books shipped early may use lower-cost freight, books shipped in bulk to a single location can sometimes provide savings; and
- 3) Modifications in return policies: As a standard practice, bookstores return unsold copies of new textbooks to the publishers. This policy lowers the bookstores' risk but increases the publishers' costs. If a bulk buyer were to agree to a “no return” or modified return policy for books, the publisher could negotiate a lower price based on its anticipated savings. Of course, the bulk buyer could then be stuck with any books it was unable to sell, resulting in a potentially expensive tradeoff.

The problem, unfortunately, is that any savings from price reductions, shipping or modifications in return policies could be lost because the bulk buyer – the state or other public entity – would be required to create layers of additional cost centers that would produce redundancies and lower efficiencies, probably increasing the prices students pay for their textbooks.

The bulk buyer would have to develop some kind of warehouse infrastructure – with staff, computers, trucks, etc. – where books could be shipped. And there would be other complicating factors:

- 1) Currently, campus bookstores perform the laborious task of taking the faculties' orders for textbooks. A bulk buyer would either have to develop a system to supplement the bookstores or require bookstores to turn over their order information to the state. The bulk buyer would probably have to pay the bookstores for this service. In those instances where the school has

contracted with companies such as Barnes & Noble or Follett to operate their bookstores, the bulk buyer/distributor might be subject to litigation under an exclusivity clause.

- 2) Any savings achieved by bulk shipping of the books to a single warehouse would probably be lost when the books were repackaged and reshipped to the new distribution points.
- 3) The bulk buyer would have no infrastructure to distribute the books to the individual students on the different campuses or to collect payment for the books, whether cash, grants or scholarship funds. The best way to accomplish this would probably be to pay the bookstores to do what they already do, creating another cost center.

Digital textbooks and course materials are already generally available in “bulk” at substantial discounts – as much as 65% -- from the institutional sales divisions at publishing houses.

B) Statewide used book exchanges

Used book exchanges are, by their nature and design, dependent upon individual student initiative. Campus-based exchanges have been developed on several Oregon campuses and there are at least two national exchanges. The list below is in no way exhaustive, but an indicator of interest by students and entrepreneurs. I have seen no reports on the effectiveness of these exchanges or the costs that the state would incur to create, promote and maintain one. The OSWAU Book Exchange website notes that the service “is never fully utilized.”

Oregon:

[The Student Book Exchange](#) (Portland, OR) - a non-profit service run by the Associated Students of Portland Community College student government (ASPC) and Students Programs and Involvement Network (SPIN).

[ASWOU Book Exchange](#) (Monmouth, OR) - another option that some students at Western Oregon University have that is never fully utilized: The ASWOU Book Exchange. After the remodel of the Werner University Center (WUC), the book exchange is now located right outside of ASWOU on the first floor of WUC. The Book Exchange is a resource for students to not only find books, but also to sell old books that the bookstore will not buy back from students.

[Clackamas Community College Student Book Exchange](#) (Oregon City, OR) - located in the Oregon City campus Student Life and Leadership Office, CC 152. The book exchange is run by leadership students and is open during the first two weeks of Fall, Winter and Spring terms, and during finals week of Fall and Winter terms.

[Oregon State University Dept. of Microbiology Book Exchange](#) - This page is for MB students looking to sell used textbooks/class materials. Contact names and emails are provided for anyone interested in any of the materials listed.

National:

BookExchange.com - The BookExchange offers the service of connecting buyers with sellers. The BookExchange lets you set the price you want for your old textbooks and lets you purchase textbooks at

the exact price that other students posted them for. You can post as many books as you want for no cost once you're a member. And becoming a member is totally free.

Swapbooks.com - An anonymous, online student-to-student marketplace where students can post ads for all of the books they wish to sell and search for all of the books they wish to buy at specific schools.

C) Use of lower cost ...open source textbooks (a.k.a. open educational resources [OER]) and other open source materials

Faculty constantly seek out and use myriad open source materials, such as research papers, articles, studies, graphics and much more, in their courses. Online access to ever larger quantities of complementary course materials has greatly expanded the scope and ease of using open source materials.

Over the last decade, a movement has emerged to support the development of complete textbooks and supplemental course materials for free or little cost to students. To date, foundations, individual donors, universities, venture capital firms, the federal government, two or three states and others have spent more than \$500 million dollars on this effort.

Chief among the challenges when developing course materials is their increasing complexity. Publishing a quality textbook that meets the diverse needs of students and is acceptable to instructors generally takes three to five years, sometimes as many as eight years for the most complex works. In addition, course materials used in the most popular courses are required by faculty to include interactive technologies, technical support, faculty and student training, faculty instructional tools (test banks, multi-media, and instructors' manuals) and learning management systems. These products generally include a wide range of copyrighted materials and third party owned technologies that are costly to acquire and maintain. At this time, there are more than 375,000 publisher-produced titles available in college bookstores.

Faculty skepticism about the quality and availability of open source materials appears to be a challenge to getting faculty to adopt them for classroom use. See the PIRG/Berkeley/Hewlett *AFFORDABLE AND OPEN TEXTBOOKS: An Exploratory Study of Faculty Attitudes* report for additional information on faculty opinions. (http://csh.berkeley.edu/publications/docs/Afford_Op_Textb101509.pdf, page 11)

The sources, number and kinds of high-tech digital course materials are rapidly expanding. Faculty evaluate and choose their course materials based on their effectiveness in improving students' completion rates, lowering the cost per pupil for instruction and reducing students' costs.

D) Promotion of instructor-created open source textbooks by Oregon faculty or teams of Oregon faculty

The state of Washington has created an OER program with the goal of producing and disseminating 80 faculty-produced open source digital textbooks. Recent reports indicate 42 of these textbooks are

currently available online. A thorough evaluation of the quality of these materials, their acceptance and use by faculty, as well as their efficacy regarding student learning outcomes, would seem to be a logical step before committing Oregon to a similar effort.

E) Use of statewide licenses for textbooks

Licensing of the entire range of digital textbooks and course materials is a rapidly expanding option offered by publishers to individual faculty, departments and entire university and college systems. The advantages of licensing include 1) assuring that every student has their course materials on their first day of class and 2) discounts of 40 percent to 65 percent off the cost of course materials. Licensed materials are accompanied with the full range of publisher provided faculty and student training, and technology support. Low-cost print versions for students who prefer this option are usually available through the campus bookstore.

F) Use of shared online materials

Students and faculty are already using a huge range of online materials and they may share and discuss these materials through campus-provided learning management systems that offer social and collaborative learning tools and enable faculty to customize and share unique content and learning tools.

G) Creation of statewide central repository allowing instructors to locate and use free or low-cost materials

Creating a statewide central repository is costly and probably unnecessary. California State University recently estimated the cost for a Digital Open Source Library \$1.4 million to develop and \$1.4 million annually to maintain and update. They projected their costs would go down after five years.

A check of the current inter-campus and inter-faculty communications tools already available to Oregon faculty would seem to be a reasonable first step. For those seeking a larger body of information on OER materials, please find attached a 13-page partial list of known websites dedicated to providing and facilitating the use of OER materials in classrooms and beyond.

H) Use of textbook rentals

There really is no rationale for Oregon to enter this market space. Textbook rentals are already omnipresent and still growing. A Google online search of “textbook rentals” provides 8,580,000 “hits” in 0.38 seconds. Textbook rentals are now offered through virtually all campus bookstores, directly from many publishers and from numerous companies, including Chegg.com, Half.com and Amazon.com, to name a few.

I) Facilitation of peer-to-peer textbook sales

Peer-to-peer textbook sales generally result from word-of-mouth or campus-specific websites created by enterprising students. Anecdotal comments in student newspapers indicate they have not been shown to be particularly effective. Further research would need to be carried out to determine the ability of the state to effectuate this kind of program.

J) Use of print on demand services for book publishing

Print on demand services are usually provided in conjunction with digital textbooks licensed to campuses by publishers and by students who use open source digital textbooks that are purchased or obtained for free by a student.

Print on demand textbooks are generally provided through campus bookstores but may also be available through local print shops. Studies indicate that the majority of students still prefer printed textbooks. On the other hand, they like the cost savings and convenience afforded by digital textbooks.

K) Partnering with other state, regional and national organizations in adopting textbook cost-savings strategies.

I would need greater detail and a plan before commenting on this idea. Due to their role in choosing the course materials used in their classes. A program of this kind would need the active support of faculty.

Best Regards,

A handwritten signature in cursive script that reads "Bruce Hildebrand". The signature is written in dark ink and is positioned above the printed name.

Bruce Hildebrand