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ABSTRACT

In spring 1997, The Academic Senate for California Community Colleges mailed a survey on textbook costs and pricing to local academic senate presidents, associated student body presidents, and bookstore managers at every community college in California. Results indicated that there was a lack of faculty and student involvement in bookstore policies, no attempts made to track the effect of textbook prices on student success, and ambiguous use of bookstore profits. Factors determined to affect the price of textbooks include publisher production costs and profit margins, faculty textbook adoption practices, bookstore management, and input from local academic senate and student government. In an attempt to lower textbook prices, the senate recommended that local academic senates review and include bookstore policies in governance agreements, create a shared governance bookstore committee that includes students and faculty, and investigate the effect of book prices on student success. Recommendations to faculty include careful decision making in selecting texts, and applying textbook adoption practices in order to diminish costs. Appendix includes results of senate survey. (YKH)

The Academic Senate For California Community Colleges

Textbook Pricing Policies and Student Access

Adopted
Fall 1997

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Educational Policies Committee Spring 1997

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Abstract

As a result of a request to review textbook pricing systemwide (S96 20.1), the Academic Senate for California Community Colleges distributed a survey soliciting bookstore information from all bookstore managers, local academic senate presidents, and student body presidents. The information from the survey, plus additional research is included in this paper to examine several issues involved in the rising costs of textbooks, particularly from the perspective of costs to students and possible barriers to enrollment and success. The paper identifies areas of concern, and makes suggestions to local academic senates on how to recognize and address those concerns on their local campuses.

Background

The Spring 1996 Plenary Session passed the following resolution:

> *S96 20.1 Textbook Pricing Policies:*
>
> *Whereas the availability of affordable textbooks and other assigned classroom materials is critical to student success, and*
>
> *Whereas textbook pricing policies are thereby a major academic concern of faculty,*
>
> *Therefore be it resolved that the Academic Senate for California Community Colleges collaborate with CalSACC to investigate textbook pricing policies systemwide, identify issues, and report back to the Academic Senate for Fall Session with any appropriate recommendations for action.*

The general purpose of this paper is to examine several issues involved in the cost of college textbooks, particularly from the viewpoint of costs to students and possible barriers to enrollment and success, and to suggest areas of concern where local senates may wish to raise issues or take action at their own college. Colleges may have addressed some of these issues in their student equity plan.

Considering the cumulative impact of potential fee increases, increasing transportation and textbook costs upon students from socioeconomically disadvantaged status, addressing those educational costs which can be controlled is essential to the maintenance of our historical commitment to open access. This is especially compelling given the current economic changes affecting California communities, and the erosion of social service support for those students. Colleges should attempt to track the effect of textbook costs on student access and success rates and adjust what is within their control. Textbook prices and bookstore policies vary greatly from college to college and are affected by many factors. There does not appear to be any single "preferred solution."

Local governing boards set their own policies for bookstore operations, however the following excerpts are from Education Code regarding bookstore operations:

Section 81676

> *The governing board of any community college district may establish a bookstore or bookstores on district property...*
>
> *The disposition and accounting of revenue and expenditures of the bookstore operation shall be as prescribed by the California Community Colleges Budget and Accounting Manual. Net proceeds from the*

operation of a community college bookstore shall be used for the general benefit of the student body as determined by the governing board. Money may be expended for services and property, including, but not limited to, parking facilities, stadia, student centers, student unions, health centers, bookstores or auxiliary facilities for use of students or faculty members of the community college or employees of the district...

Any person who is employed in a bookstore maintained by a community college pursuant to this section is a member of the classified service of the district in accordance with Section 88020...

Funds derived from the operation of a community college bookstore shall be subject to audit pursuant to Section 88040...

In addition, Section 81676.5 established conditions under which districts could contract operation of bookstore to a private entity. This section was repealed by sunset in 1990. An Appeal Court decision in 1996 reaffirmed the right of districts to contract the operation of a bookstore to a private entity.

The intent of this paper is to encourage local senates to provide leadership by raising awareness of their college textbook pricing policies and bookstore operations and to take appropriate action. Issues should be addressed in a collegial environment that primarily involves students and faculty. Solutions should suit the local situation.

Factors That Affect the Price of Textbooks

Many different factors affect the final cost of textbooks to students. Some of these factors are within the control of the college and some are not. Among the more important factors are:

- publisher production costs (largely external)
- publisher profit margins (largely external)
- faculty adoption practices (largely internal)
- bookstore management practices (largely internal)
- levels of input from local academic senate and student government (internal)

Some of these factors are considered below, with suggestions for areas that the local academic senate should monitor.

A. Publisher Production Costs

Publisher production costs for textbooks are controlled by a variety of factors, most of which are outside the control of the college, but some of which can also be affected by faculty practices in book adoption and ordering. Some of the factors involved are:

- payments to authors and developers of material
- costs of production such as paper and labor
- costs of traditional printed supplemental materials, such as student resource manuals, instructor resource manuals and answer booklets
- costs of additional computer or media supplemental materials, such as computer test banks, computer practice problems or videotapes (This is an area where faculty and student expectations have greatly increased recently)
- costs of faculty review and desk copies
- behavior of the used textbook market (This is affected by commercial vendors making nationwide purchases of used texts and reselling them to commercial bookstore operators. This in turn may be affected by college policies)
- frequency of new editions (This seems to have increased recently and may be an attempt by publishers to sideline the used book market)
- general changes in publisher costs (To some extent these are reflected in academic library price indices such as those available in the Bowker Annual, which shows, for example, an increase in US College Book prices from $13.20 in 1976 to $44.55 in 1992 - a 237% increase)

B. Publisher Profit Margins

One straight forward source for textbook costs is the profit margin of textbook publishers. This is generally outside the control of the college, although individual faculty can affect this by their textbook selection and adoption practices. The National Association of College Bookstores (NACS), at www.nacs.org, gives a 7.6% figure as the average profit for textbook publishers.

The same source states that the college store market of $7.6 billion has experienced 3.5% annual growth for the last 5 years. It is not clear how much of this is textbooks and whether the average profit has changed in recent years. Most bookstores sell many items in addition to textbooks, and use different markups in different areas. A recent court case claims that certain publishers rarely give academic bookstores discounts any greater than 20%. In contrast they offer the same books to regular retailers at discounts of up to 50%. There would appear to be increasing competition from non-traditional sources such as educational software companies.

C. Faculty Textbook Adoption Practices

One area where faculty and colleges do have an impact on total student costs is textbook selection and adoption. While it is vital that academic integrity not be sacrificed and that text materials be selected for academic and pedagogical reasons, it is nevertheless important that faculty be aware of total cost when they are making textbook adoptions for their courses. Faculty should ensure that required texts are necessary for successful completion of the course and that students will make significant use of the material. Faculty should be aware of the cost of textbooks and include that information in their textbook adoption decision. This often requires specific action on the part of the faculty, since the price of a textbook is frequently not volunteered by publisher's representatives.

Some specific faculty practices that affect student cost are the use of different titles for different sections of the same course, the need to place late orders which have high freight costs, and the choices regarding bundled and unbundled material. Frequent changes of text where not justified to maintain currency will in general raise student costs by restricting the used book market. Many colleges use a "two-year textbook adoption rule" to increase the availability of used texts. Delayed adoption of new editions can sometimes be used to increase the availability of used texts.

A general review of curriculum approval procedures reveals that the use of faculty written or compiled texts appears to be adequately controlled by existing approval procedures that colleges use for textbook adoption. There are some examples where costs are reduced because interdisciplinary material is being combined at a lower cost or where faculty donate some of the proceeds back to the college. Exploration of new electronic publishing possibilities also could produce lower costs for students.

D. Bookstore Management Practices

Bookstore profit margins are controlled by a complex variety of factors. There are many considerations, but this is perhaps the area where the college can have the largest impact on the total cost of textbooks. Individual colleges should carefully consider the following aspects of their bookstore operation, with the local academic senate taking the initiative if necessary.

1. Operating Ownership of Bookstore

The governance structure of the bookstore controls many pricing issues. Some bookstores are operated internally by the college or district. Others are contracted to a commercial vendor. One documented example is provided by the 1991 Presidential Commission on Bookstore Governance at San Francisco State University which produced a comprehensive report on bookstore governance and the effect of different options. Their specific data may not apply to community colleges, but many of their questions and conclusions are relevant to all colleges. In particular they concluded that a wide variety of organizational structures have the potential to work well, or alternatively, to work poorly. In order for the bookstore to be successful, the college needs to have clearly defined goals for the bookstore operation that have been agreed to by a committee representing all constituencies. Questions that the college and local academic senate should consider include:

- Is local control of the bookstore important to the college community?
- Are faculty issues of academic integrity adequately addressed by bookstore procedures?
- What is the level of satisfaction with the bookstore?
- Do commercial vendors achieve cost savings because of size and experience, or cost of employees?
- Should the bookstore make a profit?
- How is any profit distributed:
    a. Does the profit go entirely to a commercial vendor?
    b. Is the profit shared between a commercial vendor and the college?
    c. Is the profit absorbed into the district/college general fund?
    d. Is the profit used to fund specific college activities which may include the operation of student activities such as clubs, or student government?
    e. Is the profit used for the operation or construction of a student center?
- How are bookstore governance policies developed and implemented within the college?
- Does the college track the effect of pricing policies on student access?

2. Cost of Books

The college and local academic senate should consider the following factors that may affect bookstore costs:

- textbook publisher prices
- shipping costs (These have increased recently)
- college or bookstore constraints on faculty ordering
  (e.g., the use of multiple texts and the need for last minute orders have been cited as causing increased costs. Uniform text selections may raise serious issues of academic freedom)
- the enforcement of copyright restrictions, thus causing faculty to order more texts
- faculty awareness of prices when they make textbook adoption decisions

3. Bookstore Profit

Bookstore markup policies vary considerably. Data from the National Association of College Stores (NACS) shows the following typical margins:

Type of Book	Typical Margin	Range of Margin
new textbooks	25%	18 - 26%
used textbooks	33.3%	28 - 38%
general books	40%	20 - 45%

The Academic Senate for California Community Colleges put out a survey in Spring 97, soliciting feedback from local academic senate presidents, associated student body presidents and bookstore managers. The survey results showed a wide range of prices for both new and used texts:

	New Price Range	Used Price Range
Text # 1	$50.00 - $61.65	$37.50 - $43.15
Text # 2	$24.65 - $29.95	$18.50 - $19.95
Text # 3	$30.50 - $60.00	$29.55 - $40.25
Text # 4	$64.35 - $79.00	$48.30 - $55.95

One specific example of a college bookstore policy with wider implications is the 1992 decision by Mission College in Santa Clara, California to employ a commercial vendor (Barnes and Noble) to run their bookstore. Here the primary concern was to generate funds for construction of a student center, but permissible markups were specifically written into the contract with the vendor. The Mission College bookstore contract specifies 22% markup on new texts, 40% markup on supplies and merchandise.

Another college, Santa Monica College in Santa Monica, California, considered several of these issues in setting its pricing policy. Their July 1996 report on College Bookstore Pricing Policies cites their survey of local colleges which found textbook margins ranging from a low of 22% at California State University, Los Angeles to a high of 29% at Cuyamaca College in El Cajon, California.

An interesting example concerns outside purchases of used texts, and the disposition of the resulting savings. NACS states that most stores pay 50% of the new price to buy back a textbook from students, and then they resell the book at 75% of the new price. However, books are often bought back for much less than 50% of the new price. For example, in the Mission College bookstore contract mentioned above, used books are priced at 25% less than the new book price; no mention is made of the purchase cost; so savings from low purchase costs are **not** passed along to the student.

The actual profit of a bookstore is affected by many of the cost factors above, and overheads associated with different governance structures. NACS estimates that a 25% textbook profit margin results in an average 3.9% before tax profit for the bookstore as a whole.

Questions that local academic senates should consider when formulating a bookstore markup policy include:

- How do you control costs, since many bookstores essentially operate as a monopoly?
- Is there effective competition in areas that have several local college bookstores?
- Is it possible to return a bookstore to college control once it has been leased to a commercial vendor?
- How do you deal with market changes in a leasing situation?
- Are cost savings passed along to students or used to increase profit?
- How does the textbook profit margin relate to the overall profit for the bookstore?
- Is there a student discount or rebate system?
- What is the effect of uneven sales distribution throughout the year?

Academic Senate Survey

In Spring 1997, a survey on textbook costs and pricing was mailed to the local academic senate president, associated student body president and bookstore manager at each community college in California. The complete survey, the numerical results, and written comments are shown in Appendix 2. In general the results show that many colleges have a lack of input from faculty and students on bookstore policies, and may need a structure to ensure this, and to consider the questions raised in this document. The local academic senate should seek to accomplish this.

Perhaps the most striking observation is that not a single response showed an attempt to track the effect of textbook prices on student success. While this might be difficult to measure, it does seem to be an idea that colleges should consider in the light of student equity, and persistence and retention efforts. Another observation is that many colleges had no shared governance oversight of the bookstore, and no student or faculty involvement in bookstore policies.

Bookstore profits were used in an astonishing variety of ways from "managed by chief financial officer" to "transferred to associated student body" to "capital outlay." It was seldom clear who made this decision. Several bookstore managers commented that faculty could help more to reduce costs. Most restrictions on faculty ordering simply involved approval by a department or division chair although several colleges had two year textbook adoption terms. Very few stores had credible off campus competition. The large range of prices for the four representative texts covered in the survey suggests considerable room for local adjustment ($30.50 - $60.00 for one new book and $29.55 - $40.25 for the corresponding used book).

Recommendations

A. Recommendations to Local Academic Senates

1. Each local academic senate should include bookstore policies in its college/district shared governance agreement.

2. Each local academic senate should determine the goals of the college bookstore and should review bookstore policies in light of the questions raised in this document.

3. Each college should have a shared governance bookstore committee that influences pricing policies and the use of profits.

4. The college shared governance bookstore committee should primarily include student and faculty members.

5. Each local academic senate should encourage the college to track the effect of textbook prices on student success, as part of their student equity and/or matriculation plan. Scholarships or book loans might be used to mitigate the effect of high book costs on student access.

B. Recommendations to Faculty

1. Faculty should be aware of the impact of textbook costs on student access and success.

2. Faculty should consider both academic integrity and financial implications in making their textbook adoption decisions.

3. Faculty should be aware of textbook adoption practices that impact the cost of texts: the use of multiple titles, late orders, bundled materials and frequency of change.

4. Faculty should consider a wide range of practices that might be adopted to lower the cost of textbooks to students, such as:
   - ensuring the availability of textbook scholarships and loans
   - putting texts on reserve in the library
   - identifying online sources of materials
   - using of custom texts

Sources

1) Presidential Commission on Bookstore Governance, San Francisco State University, California, April 12, 1991

2) National Association of College Stores, Industry Information, http://www.nacs.org, December 1996

3) National Association of College Stores, Frequently Asked Questions, http://www.bookc.nyu.edu, December 1996

4) Bookstore Contract, Mission College, Santa Clara, California, 1993

5) Academic Library Price Index, Bowker Annual, 1995

6) Final Report, Joint Select Committee on College Bookstore Pricing Policies, Santa Monica College, Santa Monica, California, 1996

7) Survey on Textbook Costs/Pricing, Academic Senate for California Community Colleges, April 1997

8) Business Week, August 25, 1997

Appendix

Appendix

Results of Survey on Textbook Costs/Pricing, Academic Senate for California Community Colleges April 1997

TO: Academic Senate President
Associated Student Body President
College Bookstore Manager

FROM: Educational Policies Committee of the Academic Senate

RE: Survey on Textbook Costs/Pricing

DATE: April 97

At the Spring 1996 Session of the Academic Senate for California Community Colleges a resolution was passed asking the Executive Committee of the Senate to investigate textbook pricing policies and the effect they have on student success.

We hope you will take the time to help us improve student success by responding to the following questions. Thank you.

1) Does your college track the effect of textbook prices on student success? If so, how?
Yes 0 No 59

Comments: student will take specific class based on price; currently discussing this issue

2) Is there a college policy governing markup and buyback of textbooks?
Yes 32 No 33

Comments: 20-25% markup (not including freight); books for resale bought at 50% new book price; no official policy/manager applies 25-30% markup; 30% markup; 25% markup/no buy back policy; 28% markup/50% buy back price; buy back is set at industry standard; bookstore has policies which are sunshined to faculty senate for input

3) Is there a college shared governance process for developing and reviewing the policy?
Yes 19 No 40

Comments: this is fairly standard in the industry and subject to review at contract renewal; if faculty would use the book more than once we could buy more used, helping to keep prices down; done by bookstore committee during contract renewal (4); auxiliary service committee (2); students faculty and administrators serve on associated student body board that acts on policy; district auxiliary enterprise committee has reviewed operations of bookstore; president's council reviews Board policy/council consists of college president, classified senate president, ASB president, academic senate president, management association co-chair; approved by vice president finance & Board; No, done by bookstore advisory committee

4) Does your college have a bookstore committee that includes faculty and student members?
   Yes 22 No 30

Comments: No, bookstore policies are sometimes considered by the Academic Senate; Yes, but not active in the last two years; Students refuse to participate since they no longer manage the store; advisory committee meets off and on depending on ASB leadership

5) Is your bookstore run by the college/district Yes 53
   Is it run by an outside company? Yes 13 (Name)
   Barnes & Noble/Follett/ABSO/Associated Students/UR Foundation/ESO Won Books/CAL State

6) How are any bookstore proceeds distributed?

Comments: placed in auxiliary fund managed by CFO/used in part to subsidize administrative salaries; capital outlay projects (5); % sales paid to school as scholarships; Fund for new bookstore building (2); fund for educational enrichment programs; to district (5); no policy (3); distributed to two campus budgets for students; rent to college (2); through co-curriculum under direction of fiscal planning committee; $40,000 to associated student organization; to ASRCC student body & food service program; 95% to associated students for operating costs/5% to bookstore for capital improvements; HUD loan on student center/salaries & benefits for staff/other overhead; 1.6% to student government/$32,000 to district for overhead/$35,000 toward new student center/remainder to district; associated students (6); controlled by college president/VP Admin services; other college services and functions (2); student body; district revenue bond covenant - restricted use; district foundation; bookstore fund (3); college (4); percentage given to ASCCC; text buy back; general fund; non-profit bookstore (2)

7) Are there any restrictions on what faculty may order? (please send a copy of your textbook order form)
   Yes 17 No 40

Comments: no pornography; PT faculty must use dept or FT selection; must adopt for 2 years (5); all sections of same course use same text; approved by division dean (5); approved by dept head (3); should be used for 3 years; book must be college level; only order from companies that allow returns; no books faculty member has written; must agree with course outline or agree within dept

8) Is there local competition to your college bookstore?
Yes 23 No 40

Comments: off campus competition has no obligation to school/can run operation on credit/can return unsold texts unlike campus store that must keep till end of semester/does not have to buy back at 50%/ students buy at lower price off campus and then sell back to college store

9) If your college uses any of the following "typical" texts, please indicate the selling price in your college bookstore.

Beginning Algebra, Martin-Gay, E., Prentice Hall
New 50.00 - 61.65
Used 37.50 - 43.15

Becoming a Master Student, Ellis, D., Breakthrough
New 24.65 - 29.95
Used 18.50 - 19.95

Challenge of Democracy, Janda, K., Houghton Mifflin
New 30.50 - 60.00
Used 29.55 - 40.25

Textbook of Medical Surgical Nursing, Brunner, L., Lippincot
New 64.35 - 79.00
Used 48.30 - 55.95

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