



**Statement of David E. Anderson  
Executive Director for Higher Education, Association of American  
Publishers  
Testimony before the Ohio House Finance Subcommittee on Higher  
Education**

**March 23, 2017**

Mr. Chairman, members of the Committee:

My name is David E. Anderson and I am a senior executive and higher education expert at the Association of American Publishers. AAP has a membership that includes nearly 400 members, publishers virtually every major and many small firms that specialize in learning materials and technologies used by students from pre-K to adult learners. Our member companies produce both digital and print materials, as well as personalized technologies for college and university students.

With me here today are colleagues from three member companies: Mike Leichman from Cengage Learning; Jennifer Becker from McGraw-Hill Education and Tom Malek from Pearson Education.

Thank you for the opportunity to testify on the Governor's higher education budget proposal – specifically his proposal to require state institutions of higher learning to provide textbooks to all undergraduates as a “mandatory service” and limiting their ability to charge students to \$300 per year.<sup>1</sup>

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<sup>1</sup> Section 381.150 of the Governor's budget proposal reads as follows:

**RESTRICTION ON FEE INCREASES**

(A) Except as provided in division (B) of this section, in fiscal years 2018 and 2019, the boards of trustees of state institutions of higher education shall restrain increases in in-state undergraduate instructional, general, and all other fees. For the 2017-2018 and 2018-2019 academic years, each state institution of higher education shall not increase its in-state undergraduate instructional, general, and all other fees over what the institution charged for the 2016-2017 academic year. This limitation does not apply to room and board.

(B) For the 2018-2019 academic year, the boards of trustees of state institutions of higher education shall provide textbooks to all undergraduate students as a mandatory service. For this purpose, the board of trustees may charge a textbook fee not to exceed an annualized amount of \$300 for a full-time undergraduate student. The board of trustees shall pro-rate the fee for a part-time undergraduate student based on the number of credit hours for which the student is enrolled.

(C) The limitations under this section shall not apply to increases required to comply with institutional covenants related to their obligations or to meet unfunded legal mandates or legally binding obligations incurred or commitments made prior to the effective date of this section with respect to which the institution had identified such fee increases as the source of funds. Any increase required by such covenants and any such mandates, obligations, or commitments shall be reported by the Chancellor of Higher Education to the Controlling Board. These limitations may also be modified by the Chancellor, with the approval of the Controlling Board, to respond to exceptional circumstances as identified by the Chancellor.

(D) As used in this section, "textbook" means any required instructional tools, such as bound and electronic textbooks and software, used specifically for curricular content instruction in a course.

- **I want to be very clear at the outset: the Association of American Publishers and the publishers who are with me today are *neutral* on the governor's budget language. We neither oppose nor support the Governor's proposal.**

We are here today because, like you, we take the issue of textbook affordability very seriously.

AAP and its members understand that students struggle to pay for college and many incur large debt. The issue of college affordability is of the utmost importance to AAP and its members companies who are working hard to do their part in bringing down college costs. The greatest financial burden falls on students who pay tuition and take out loans but ultimately fail to graduate and get a degree.

- **A new era of engaging, affordable digital textbooks and learning materials is beginning. We want the students and faculty of Ohio to enjoy the benefit of this new digital era as soon as possible. We want to work with you to make that happen.**

In order to address college affordability, publishers have developed a new generation of eTextbooks and engaging personalized digital learning platforms that make learning more efficient, significantly reduce costs and meet the needs of ever-evolving students and faculty. These dynamic customizable platforms are not only interactive, reflecting student progress and ultimately improving course success, but also typically cost significantly less than color hardbound textbooks, helping to reduce college costs for students. Publishers are constantly working to develop materials that not only allow students to achieve their academic goals, but also are effective tools for faculty and are cost sensitive.

Digital learning platforms are customizable, collaborative online learning materials that incorporate personalized learning technology and improve student performance. They include interactive tutorials, homework engines and assessments, and tools to track grades and coursework progress. They can include an embedded textbook or be bundled with a hardcopy textbook, and are designed to be customized by faculty to include OER and other materials.

Faculty teaching general education classes with as many or more than 200 students now have the ability to provide individual attention to students that was simply not possible in the past. Faculty are able to customize the students' learning experience based on their specific course and class needs, and better engage students and improve their chances of course success.

Studies from educational publishers also reveal that digital learning materials are improving student performance in college, resulting in higher exam scores, better grades, and fewer students dropping out of classes. Because digital platforms are personalized to each student, they adapt to the individual's needs and focus on the areas that are most critical to that student's success. Additionally, the analytics incorporated in digital materials help instructors easily track performance and identify at-risk students and encourage them to continue with the class.<sup>2</sup>

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<sup>2</sup> <http://newsroom.publishers.org/studies-show-college-students-get-higher-grades-and-learn-better-with-digital-course-materials/>

- **When course materials are provided through Digital Discount Programs, students are guaranteed to have the materials by the first day of class and at a price that is up to 70% less than the price of a traditional color hardbound textbook.**

Digital Discount Programs provide both access and affordability to course materials by helping students obtain them by the first day of class at a discounted price. Pioneered by publishers, college bookstores and universities, these programs facilitate the transition from print to digital, making it easier for students to access digital materials.

Through these programs, sometimes called Inclusive Access, Digital Direct Access or Enterprise Solutions, publishers can provide digital materials to all students enrolled in a course, and students pay for materials in advance of class when paying tuition and fees. Since the majority of students purchase the course materials, education companies are able to substantially lower the cost of digital materials compared to the price of print textbooks. Students can also use loans, grants or scholarships to pay for their materials. If a student does not want to be in the program, he or she can opt out.

One example of a successful Digital Discount Program is Indiana University. As a part of its strategic plan for IT, Indiana University began piloting its eText Initiative<sup>3</sup> in 2009 with four objectives: drive down costs of digital materials for students; give faculty access to high-quality materials of choice; develop new tools for teaching and learning; and shape the terms to eTexts models. Since then, tens of thousands of students have saved more than \$15 million on course materials. Both faculty and students prefer the day-one material access. Students are reportedly more engaged with material, resulting in increased learning. They benefit from collaborating with study groups, access to multimedia, the ability to highlight, tag and annotate text, print pages and chapters and access to all eTexts while enrolled at IU. Faculty use real-time analytics to develop new teaching methods, share notes with students, incorporate multimedia materials into courses and integrate links and annotations into study materials. In fact, the program is so popular that just between Fall 2015 and Fall 2016, eTexts distribution increased 85% to nearly 56,000 eTexts distributed in Fall 2016.

- **Here in Ohio, digital discount programs are in place at the following institutions with prices between 30% and 75% lower than the price of hardbound print textbook:**
  - **University of Cincinnati**
  - **University of Akron**
  - **Cincinnati State University**
  - **Baldwin Wallace University**
  - **Tiffin University**
  - **Ashland University**
  - **Franklin University**
  - **Youngstown State University**

In October 2015, the U.S. Department of Education issued final regulations allowing institutions to charge students for books and supplies as part of tuition and fees (34 CFR 668.164(c)(2)).<sup>4</sup> The Department found that “including books and supplies would not only enable an institution to negotiate better prices for its students, it would result in students having required course materials at the beginning of a term or payment period.” The Department also stated that it is “convinced that digital platforms, and digital

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<sup>3</sup> IU eTexts, Indiana University, <https://uits.iu.edu/etexts>

<sup>4</sup> <https://www.federalregister.gov/articles/2015/10/30/2015-27145/program-integrity-and-improvement>

course content in general, will become more ubiquitous and that including digital content as part of tuition and fees ensures that students have access to this technology.”

These regulations provide a roadmap to show how colleges and universities can create Digital Discount Programs to benefit their students broadly. In its final regulations, the Department allows institutions to charge students for books and supplies as part of tuition and fees in three different situations: 1) where it has an arrangement with “book publishers or other entity” that makes books or supplies available “below competitive market rates,” provides a way for students to obtain books and supplies by the seventh day of the payment period, and provides students the ability to opt out of the program. The second situation is where books and supplies, “including digital or electronic course materials,” are not available elsewhere or cannot be obtained “from sources other than those provided or authorized by the institution.” Finally, when the institution demonstrates that there is a compelling health or safety reason.

- **In closing I want to be very clear that AAP and its member companies are here to work with you.**

Thank you again for the opportunity to appear before this subcommittee. All of us on this panel will be happy to answer any questions you may have.