



**Testimony on Behalf of the National Association of College Stores
By Richard Hershman
Before the
House Finance Subcommittee on Higher Education
HB 49 and Course Material Affordability**

March 23, 2017

Chairman Perales, Ranking Member Ramos, and members of the House Finance Subcommittee on Higher Education, on behalf of the National Association of College Stores (NACS), I thank you for the opportunity to provide written testimony today on HB 49 and how college textbooks and other course materials can be made more affordable for college students.

My name is Richard Hershman and I am the Vice President of Government Relations for NACS.

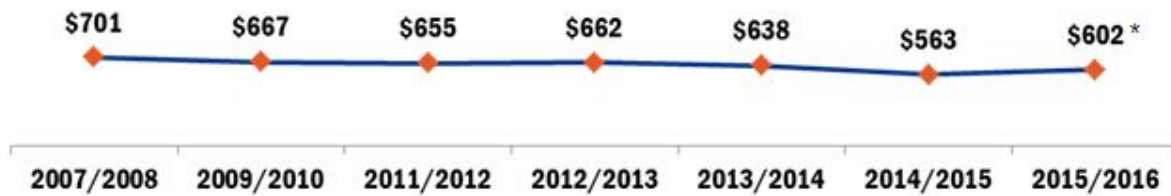
NACS is headquartered in Oberlin, Ohio with additional offices in Cleveland and Cincinnati. Our members are primarily college and university owned and other non-profit college and K12 stores, as well as companies that colleges and universities may partner with to operate or support college stores. The 160 Ohio based staff conduct extensive research into course material use and affordability, establish best practices, partner with innovative companies and non-profits, and operates several buying and discount consortiums available to Ohio's 189 college and K-12 stores and their institutions they serve. For example, this month NACS announced a new course material sourcing initiative in partnership with Amazon. Through these various partnerships we have saved Ohio's colleges and universities and K-12 schools millions of dollars through lower prices for goods and services including course materials and shipping costs.

Before I discuss the specifics of HB 49, I would like to provide some context to textbook affordability as we often don't recognize the positive progress the higher education community has made on this particular aspect of higher education costs.

Understanding Course Material Costs and Spending

Course materials are a core academic cost of higher education, however are frequently misunderstood even though they are perhaps the most upfront to students as they acquire materials each term. The good news is student spending on required course materials has essentially remained flat to declining for the last eight years.

Annual Spending on Course Materials



(*) Total spending for the 2015-2016 academic year was weighted by campus type to more accurately reflect the proportion of students enrolled at two- and four-year U.S. institutions. The unweighted total spending average is \$559.

This positive trend is despite the fact students are still acquiring the same amount of course materials as they did before, the quality and features of course materials have improved, and despite the average wholesale and list price of new materials continues to increase. The average student nationally spent \$602 in the 2015-2016 school year, which is 14% lower than it was in 2007-2008 when students on average spent \$701¹. It is important to understand however that the averages in spending can vary by sector, lowerclassmen versus upperclassmen, subject concentration, and obviously courseload.

For example, nationally community college students spend on average more than four year students, which is mostly the result of a greater concentration of introductory courses that tend to utilize more expensive materials and online resources; however community college students as a result of lower tuition costs, also receive more financial aid that covers a greater percentage of their course material costs. Nearly half or 44.5% of community college students surveyed in the fall of 2016 by *Student Watch* said they used financial aid grants and scholarships to help pay for their course materials.² Of the 44.5% of students who received grants and scholarships, this covered on average 80.4% of their costs for the fall semester. Compare that to the four year institutions and only 26% of students said they used financial aid grants and scholarships to help cover the costs of their books and of those students that aid covered 59.6% of their costs for course materials for the fall semester. Also worth noting only 21% of students at both four year and two year institutions indicated they used student loans to pay for their books.

These spending trends are starting to be reflected in financial aid offices' budget estimates for cost of attendance for books, supplies and equipment. The recently released annual report from the College Board, *Trends in College Pricing 2016*, includes comparative data on what institutions recommend undergraduate college students should budget for books, supplies and equipment. This is the first time in 16 years of College Board data that institutional budgets for books, supplies and equipment at both four-year public and four year private schools have

¹ Student Watch: 2015-2016, Attitudes and Behavior towards Course Materials, OnCampus Research, a division of the National Association of College Stores, July, 2016

² Student Watch: Fall 2016, Attitudes and Behavior towards Course Materials, OnCampus Research, a division of the National Association of College Stores, March, 2017

declined. On average, public four-year schools decreased their budgets by 3.7% from the previous school year, and four-year private schools decreased their budgets by 1.52%. Community colleges on the other hand increased their budgets by \$26 or 1.91%. When you look at the annual undergraduate budget estimates for books, supplies and equipment as a percentage of the total undergraduate student budget books, supplies, and equipment have decreased over the last 16 years for all three sectors as a percentage of the total undergraduate budget. Books, supplies, and equipment now represent 5.1% of the total undergraduate student budget at public four year institutions, 2.5% at four year private institutions, and 8.2% at community colleges.

Finally, it's often overlooked that the federal American Opportunity Tax Credit, which provides up to \$2,500 per year for the first four years of college, can be applied to offset out of pocket costs for course materials as well as tuition and fees. The credit is partially refundable at up to \$1,000 per year so families with zero federal tax liability can still claim the credit for out of pocket academic costs.³

The Marketplace for Students is Improving

Students today have far greater information, choice, and options than they did just five years ago in how to acquire and consume course material content. Most campus bookstores today provide students a choice between new, used, rental, digital options and information on how to obtain materials at no cost such as open educational resources (OER) or library resources. New online and in store software platforms, mobile designed websites, and kiosks are further enhancing the student customer experience.

Online marketplaces are allowing students to shop at the campus store and from a variety of online providers simultaneously from the institution's website. Such marketplaces are being utilized at more than 15 colleges and universities in Ohio including Bowling Green State University, Ohio University, University of Dayton, Lakeland Community College, Lorain County Community College, University of Rio Grande, and Stark State University. In addition, more than 58 other colleges and universities in Ohio now offer price match guarantees including matching the prices of Amazon and other online booksellers.

Faculty Have More Options and Information to Make Informed Choices

Faculty have more options in the marketplace to choose from including more affordable commercial course materials and free (online) openly licensed materials. Various surveys indicate faculty are also more aware of and sensitive to costs in making their course material selection decisions.⁴ Silos on campus are coming down and there is more collaboration between academic affairs, libraries, bookstores, IT, disability support services, and financial aid. For

³ www.textbookaid.org

⁴ Faculty Watch: Attitudes and Behavior towards Course Materials, Spring 2016, OnCampus Research, a division of the National Association of College Stores; and Opening the Textbook: Educational Resources in U.S. Higher Education, 2015-16, Babson Research Group, July 2016.

example, stakeholders involved in Columbus State's Textbook Advisory Committee established in 2011 have saved students an estimated \$4.7 million to date.⁵

A new generation of course material discovery, selection, and price saving tools are being deployed by college and university bookstores across the state to support this effort. These tools have evolved from simple digital versions of the textbook order forms used for more than a century to robust feature rich systems that allow faculty to research and select course material, look at product reviews that let faculty learn from colleagues around the country who have used the materials, and find out where materials have been adopted at other schools. There has also been a heavy emphasis on making this process easier and less time consuming for faculty to improve on-time selections. As the U.S. Government Accountability Office and various state agency studies have confirmed, timely adoptions are one of the best methods to lowering course material costs for students.⁶

With the greater focus on textbook affordability, several of these platforms, like VerbaSoftware Collect being used at colleges and universities, like the University of Dayton and Stark State University, now display affordability scores for each book so instructors can factor cost more accurately into their decision making. These scores look across not only titles in the subject area, but also thousands of new used and rental books in the online marketplace to present up-to-date pricing so faculty can have a real sense of what students are likely to pay to acquire the materials and what alternatives are available.

Another platform called Sidewalk Hero, recently adopted by Bowling Green State University and Baldwin Wallace University has several affordability focused features including a one-click process for faculty and institutions to negotiate lower prices for digital commercial materials from publishers, while armed with accurate marketplace prices including rental and used books to ensure they are getting a good deal for their students. The process is seamless and painless for faculty as the bookstore and their technology partners negotiate with publishers a lower price for the digital material and recommend or not recommend the offer based on student savings analysis.

Increasingly these platforms are incorporating OER materials. For example, Sidewalk Hero maps OERs and other cost-effective content to national commercial textbook ISBNs, assisting in the proliferation of non-mainstream content types. Follett Discover and Barnes and Noble FacultyEnlight allow faculty and administrators the ability to discover Open Educational Resource content such as Merlot, Openstax, YouTube, Khan Academy, and Coursera. Because these resources are integrated within their platforms, materials that are being considered for use can easily be accessed and reviewed before being adopted. The platforms also allow instructors to create their own coursepack content that can blend OER, copyrighted content as well as library resources for an instructor. Many platforms are also working on exploring integrating

⁵ Testimony before the Ohio House Finance Subcommittee on Higher Education, David T. Harrison, Ph.D. President, Columbus State Community College, March, 2017

⁶ College Textbooks: Students Have Greater Access to Textbook Information, GAO-13-368, June, 2013; and Reducing Textbook Costs, Minnesota Office of Higher Education, January, 2011

campus large repositories of library resources, so they surface during the discovery process and can be leveraged as course content.

More faculty are also adopting open educational resources to replace or supplement commercial materials and students have the choice to consume these materials digitally without additional cost or often in low cost print formats. NACS announced in April 2014 a distribution partnership with OpenStax that allowed the leading nonprofit publisher of quality peer-reviewed open educational resources to drop prices on all its print textbooks and distribute them nationally to college stores efficiently through our warehouse in Oberlin. In fall 2014, 237 stores purchased OpenStax print titles from NACS. By the fall of 2016 575 college stores have acquired OpenStax titles through NACS and we continue to see growth as these great resources gain adoptions. According to usage analysis by OpenStax, the University System of Ohio ranked 5th among the top 10 states in 2016 who utilize OpenStax materials.

OpenStax, NACS, and Dover Publishing also launched last year a new custom platform that allow faculty to create an OpenStax book tailored to the needs of their classroom. They can select or reorganize chapters, add illustrations and charts and other materials. As the faculty develop these custom OER materials formatting and indexing is updated and the associated print costs are displayed in real time so they can see how adding and deleting content impacts the print cost.

Finally, as described by Chancellor Carey in his testimony, a promising development is college stores across the country are piloting and expanding programs working with publishers on new digital discount delivery models known as inclusive access or immediate access programs. Under these programs where faculty have opted-in, students have access on the first day of class at no charge to their course materials in digital format and they retain that access until the add/drop deadline at no cost. At or prior to the add/drop deadline date, students have the option to 'opt-out' electronically and discontinue access to the materials. Students who do not opt out and opt to continue are charged for the materials at that time. Access continues for these students.

The benefits of such programs are immediate access to materials which can be important to student success since some students delay acquiring materials at the first day and they purchase incrementally which puts them at a disadvantage in the important first weeks. Payment for the materials is delayed but access is free during the delay. Typical discounts from publishers on immediate access materials are 10% to 20% off of regular digital access and 25% to 60% below rental or purchase of hard copies. Print-outs of the materials are usually available at low cost.

HB 49 Textbook Provisions

While we applaud Governor Kasich and Chancellor Carey for focusing on textbook affordability and calling on institutions to be bold in their thinking, we respectfully urge the committee to strike all the textbook provisions in HB 49. While well intended, we believe additional

consideration of the information we highlight in this testimony and other information brought forward by other stakeholders need to be considered.

We also share the concern, as others have expressed, with the proposal to cap at \$10 per credit hour textbooks for the College Credit Plus program. Our foundation's first inaugural Innovation Award in 2007 went to San Mateo Community College District for an innovative textbook rental program that was designed in part to stretch limited school district dollars for their dual enrollment program at a time when very few colleges were renting textbooks and the school district was struggling with the cost of procuring and managing materials for dual enrollment students. We believe there are ways to lower the costs for school districts and are committed to working together to explore these options. However, we also believe the underlying funding issues for the program for both school districts and colleges and universities must be tackled if such valuable programs are to survive and flourish. These challenges are being faced across other states including Georgia, where the state has assumed most of the responsibility for the cost of their dual enrollment program; however student demand is outpacing available state funding.

The NACS supports efforts to enhance affordable and equitable access to quality course materials, and will continue to work as an ally for student interests. Thank you for this opportunity to testify on this important issue and we are happy to answer any questions the committee has as it continues to study this issue.