



# The Costs of College and High School Textbooks in Kentucky

Research Report No. 356

*Prepared by*

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# **The Costs of College and High School Textbooks in Kentucky**

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## Foreword

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## Summary

A 2005 Government Accountability Office report indicated that the cost of college textbooks increased by 186 percent from 1987 to 2004. Several states have recently considered or have passed legislation intended to make textbooks more affordable. On October 11, 2007, the Program Review and Investigations Committee voted to have staff study the costs of college and high school textbooks in Kentucky. This report makes three recommendations.

### College Textbooks

Data from the United States Bureau of Labor Statistics suggest that prices for new college textbooks have increased at a faster rate than inflation. From 2001 to 2008, inflation increased by 20 percent, but prices for new college textbooks increased by 45 percent.

Student expenditures for college textbooks do not necessarily increase at the same rate as the prices for new books. To some extent, students can avoid these price increases by changing their purchasing habits. For example, students might switch to used books, shop online stores, or share textbooks with other students. Data from the College Board indicate that students' textbooks expenditures have increased about 4 to 5 percent annually since 2003.

The market for college textbooks consists of several groups. Publishers develop textbooks and other instructional material for college courses. These materials include items such as traditional textbooks, workbooks, CDs, Web sites, test banks, and lecture slides. Publishers are developing a number of additional resources such as electronic textbooks and textbooks that can be customized by faculty for specific courses.

Faculty members review the textbooks and supplemental material available and select the material they will use in their classes. Faculty members interviewed for this report indicated that they generally evaluate the material based on content and organization. While some faculty indicated that price is a concern, price was not typically the deciding factor. Once faculty make their selections, they inform the university bookstore.

Bookstores purchase the materials from a number of sources. First, they buy books back from students at the end of the semester. If the stores need additional books, they will look to the wholesale used book market. If bookstores still need more copies, they will obtain them from publishers.

While faculty members select the textbooks and supplementary materials, it is the students who actually make the purchases. Because faculty select the textbooks, students have relatively few options for choosing lower-cost alternatives.

Because faculty select books based largely on characteristics rather than price and students have few options to purchasing the books, publishers tend to compete based on the characteristics of the products rather than on price. While this can increase the usefulness and innovation of the material, it also leads to higher prices.

Some state legislatures have passed or considered legislation aimed at reducing the costs of college textbooks. For example, six states have banned university employees from accepting payments or other benefits from publishers. Twelve states have imposed restrictions on the use of bundled material. National legislation enacted in 2008 requires that publishers provide wholesale book and supplement prices and information on previous editions. It also requires that bundled items be made available for individual sale, and that book titles and International Standard Book Numbers be published with the course schedule.

### **High School Textbooks**

In fiscal year 2007, Kentucky public schools spent approximately \$44 million on textbooks and instructional materials. This amounts to approximately 1 percent of the total expenditures reported by schools and school districts for the year. High schools spent \$13.8 million or \$76 per student for textbooks and instructional materials in 2007. While the state government appropriates funds for textbook purchases for kindergarten through 8<sup>th</sup> grade, high school textbooks are funded through local funds or other sources. High schools may recoup at least a portion of the expenses through student fees.

The Kentucky Textbook Commission is responsible for developing a list of approved textbooks and instructional materials. The commission consists of 11 individuals including the commissioner of education. Each year, the commission develops an approved list for textbooks covering one of the following subject areas:

- language arts and reading,
- social studies,
- science,
- mathematics,
- vocational studies, and
- arts and humanities.

Publishers wishing to have their books placed on the list must submit a bid to the commission. Bids must include copies of the material being submitted and the price that the publisher will charge to Kentucky's schools. The commission, with the assistance of a review team, reviews all the submissions to ensure that they adequately cover Kentucky's Core Content and Program of Studies. Textbooks and instructional materials that are deemed sufficient to be the primary instructional resource for a grade level or course are placed on the state multiple list. The prices for these items are fixed for 6 years—until the commission develops a new list for the subject. The Department of Education publishes a consumer guide that includes information from the publisher and the commission's evaluations.

Schools are not required to purchase textbooks from the approved list. Each school that wishes to purchase books that have not been approved by the textbook commission must notify the Department of Education. The school must submit evidence that the books meet the same requirements that the commission considers. If schools from more than one district intend to purchase the same off-list textbooks, each district must submit an evaluation of the book, which requires duplicative work. According to a survey of high school principals, approximately 16 percent of schools have made at least one off-list purchase.

### **Recommendation 3.1**

The Kentucky Department of Education should post the approval of off-list materials and not require that additional evaluations be performed by other school districts that wish to use the same materials.

There is relatively little information available to show how prices for textbooks and instructional materials have changed over time. To provide a general sense of the changes, staff compared the prices of some textbooks that appeared on both the 2002 and 2008 science lists. Price increases for the books ranged from 0.7 percent to 5 percent annually. During this period, inflation increased by 2.8 percent annually.

Principals indicated that factors other than prices can also affect their schools' expenditures for textbooks. Lost and damaged textbooks were frequently mentioned as a cost factor. Schools have attempted to address these costs by implementing textbook tracking programs and holding students accountable for their textbooks. These efforts are limited by the difficulty of collecting payments from students.

Some schools have adopted strategies to reduce the amount of textbooks needed. This includes purchasing a set of books for a classroom instead of a textbook for each student. Some schools have changed their course schedules to reduce the number of books needed. For example, rather than having students take a course for the full school year, some students take the course during the first half of the year and others during the second half of the year. This allows one book to be used by two students for the year.

Teachers interviewed noted that they felt some materials would be good choices when they were selected but were not satisfied with them when the materials were actually used in the classroom. Sharing their experiences with textbooks might help others make better decisions; however, there are few avenues for teachers to share this information.

### **Recommendation 3.2**

The Textbook Commission should develop a formal method to allow educators to share experiences with textbooks and other instructional resources. This method should include a listing of the materials purchased by each high school.

A majority of surveyed principals said that 6 years was an appropriate amount of time between adoptions for each subject area. This opinion was more prevalent for some subjects than others. More than 80 percent of principals indicated that 6 years was appropriate for math, arts and humanities, writing, and reading. This sentiment was less prevalent for science, social studies, and practical living.

Principals generally indicated that teachers in science, math, reading, and social studies classes used their textbooks heavily. It appeared that teachers in arts and humanities, writing, and practical living did not use their textbooks as much; instead, they used supplemental materials frequently.

Publishers may submit evidence to demonstrate the effectiveness of their products, which is included in the consumer guide. In many instances, publishers provide no information. When information is provided on an item's effectiveness, the information is often only a summary of results with little detail about how those results were developed.

**Recommendation 3.3**

The Textbook Commission should encourage publishers to provide additional information demonstrating the effectiveness of instructional materials. The commission should also include material in the consumer guide to help schools evaluate the information on effectiveness provided in the guide.

## **Chapter 1**

### **Overview and Major Conclusions**

In 2005, the United States Government Accountability Office (GAO) reported that from 1987 to 2004 prices for college textbooks “increased at twice the rate of inflation.” As textbook costs have increased, policy makers have sought to understand the factors behind these price increases more fully. Several states have recently considered or enacted legislation intended to make textbooks more affordable, such as exempting textbooks from state sales taxes and requiring that information on prices be provided to professors.

On October 11, 2007, the Program Review and Investigations Committee directed staff to study the costs of college and high school textbooks in Kentucky. College and high school textbooks exhibit many of the same trends. Both types of textbooks are making greater use of technology and face similar production issues. Prices for college and high school textbooks, however, are determined differently. College textbooks are selected by faculty and purchased by students. In Kentucky, high school textbooks are selected by and paid for by school districts.

#### **College Textbooks**

Prior to the end of each term, college instructors typically select textbooks for the classes they will teach in the upcoming term and communicate their selections to the college bookstore. When instructors select new editions of textbooks, the bookstores order copies from publishers. If used books are an option, the bookstores purchase books from used-book wholesalers and students.

GAO reported that the price of textbooks increased by 186 percent from 1986 to 2004. GAO concluded that while various factors contributed to the price increases, the development of supplements to traditional textbooks, such as online homework, study guides, and CD-ROMs “best explain” the increases. Publishers indicated that instructors’ demand for supplements is growing as they deal with fewer graduate assistants and more students who need greater assistance. Others have argued that frequent textbook revisions limit the instructor’s ability to select books that can be purchased as used.

## **High School Textbooks**

The Kentucky Textbook Commission, created by KRS 156.405, is charged with reviewing books to determine whether they meet the educational requirements for elementary and secondary students. The Kentucky Core Content and Program of Studies detail the material that students are expected to know in each grade level.

Textbooks are grouped into six categories: social studies, science, mathematics, language arts and reading, vocational studies and practical living, and arts and humanities. Each year, the Textbook Commission reviews textbooks for one of these subjects, so each subject area is typically reviewed every 6 years. Publishers submit bids to provide Kentucky's schools with textbooks covering the subject area. The commission reviews the textbooks and places those that it deems adequate on a recommended list. The publishers' bids include the prices that will be charged to Kentucky's high schools. These prices are typically fixed until the next time that the commission reviews this subject area.

## **Description of This Study**

This study had three major objectives:

- 1) describe the process by which university and college professors select textbooks and how textbook prices are determined;
- 2) describe the process that the Textbook Commission uses to select textbooks for Kentucky's high schools; and
- 3) evaluate the impact that newer textbooks and supplements have on student performance.

## **How This Study Was Conducted**

Staff interviewed representatives of textbook publishers, university bookstores, and state and federal agencies. Staff also interviewed faculty members of Kentucky's public and private colleges and universities. To obtain information on how high schools are affected by textbook costs, staff sent surveys to Kentucky's public high school principals. Staff also surveyed college students to obtain information on how they have been affected by textbook costs and how students use course materials.



## Organization of the Report

This report is organized into three chapters. The first chapter describes the objectives and major findings of this report. The second chapter describes the market for college textbooks. This description includes information about how college textbooks are marketed, what factors influence textbook costs, and recent legislation aimed at reducing the cost of textbooks. The final chapter discusses high school textbooks, which includes an overview of the process the Textbook Commission uses to review textbooks, the factors that influence high schools' expenditures for textbooks, and strategies that schools are using to address these costs.

## Major Conclusions

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This report has six major conclusions.

1. College textbooks are purchased by students but selected by faculty, so demand for textbooks is not sensitive to increases in price. College textbook publishers compete primarily based on the characteristics of their textbooks and related material rather than based on the prices. College faculty responsible for selecting textbooks tend to favor textbooks that provide additional content and material and are less concerned with price.
2. Federal legislation enacted in 2008 requires that publishers provide wholesale book and supplement prices and information on previous editions. It also requires that bundled items be made available for individual sale, and that book titles and International Standard Book Numbers be published with the course schedule.
3. Prices for Kentucky public high school textbooks are set through a competitive bidding process that fixes prices for 6 years. This creates incentives for publishers to set their prices carefully. Those that charge more than other publishers risk losing sales. Those that charge too little to cover production costs risk losing profit.
4. The cost to replace or repair lost and damaged textbooks also affects high schools' expenditures.

5. Kentucky high schools have implemented a number of strategies to reduce their textbook expenditures. These include implementing textbook management systems to keep track of textbooks and modifying class schedules so that more students can use a textbook during the school year.
6. Publishers of high school textbooks provide some information on the effectiveness of their products on student performance to the Textbook Commission, but there are no industry standards dictating when and how evaluations will be performed.

## Chapter 2

### College Textbooks

The purpose of this chapter is to examine the costs of college textbooks, illustrate each of the market participants, describe the roles of the major participants, and explain how the college textbook market operates.

#### Overall Trends

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The overall cost of attending Kentucky public universities has increased at an annual average rate of 8.5 percent since the 1986-1987 school year.

There has been a significant amount of discussion surrounding the rising costs of university attendance with particular focus on the cost of textbooks. Using data provided by the Kentucky Council on Postsecondary Education, staff calculated that overall tuition and fees for Kentucky public institutions increased on average 8.5 percent a year between the 1986-1987 and the 2006-2007 academic years.<sup>1</sup>

Reports focusing on the costs of college textbooks have presented a number of different measures to show how costs are changing. Many of the measures provide somewhat different descriptions of cost trends. Often, these differences are attributable to how the measures are developed, what geographic areas are included, or what schools and classes are considered. The following sections discuss these different measures and what the measures indicate with regard to the costs of textbooks.

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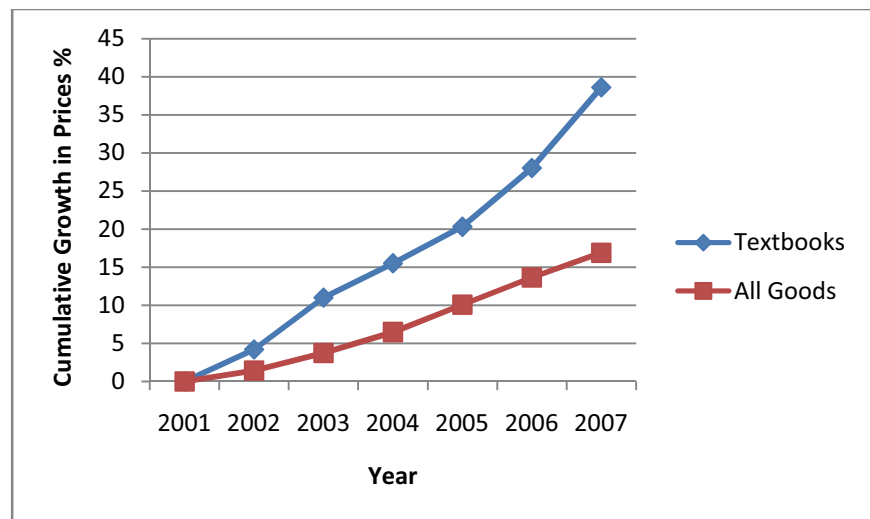
<sup>1</sup> Staff calculated this figure using the Council on Postsecondary Education data on tuition at Kentucky's public institutions (Commonwealth Council). It is calculated by taking an average of all Kentucky public universities' tuition and fees for each year and then calculating the annual percentage change. An average of this annual percentage change is the figure reported.

## Prices

According to the U.S. Bureau of Labor Statistics, the price of new college textbooks increased by 45 percent since 2001, more than twice the increase for prices in general.

The Consumer Price Index (CPI) measures inflation or changes in the prices that consumers pay for goods and services. The U.S. Bureau of Labor Statistics produces the CPI each month by collecting data on prices for various goods and services including new textbooks. Figure 2.A shows how prices for textbooks and prices for all goods and services have changed since December 2001. The average cost of new textbooks increased by 45 percent between December 2001 and March 2008. The prices for all goods and services rose 20 percent for the same period (U.S. Bureau).<sup>2</sup>

**Figure 2.A**  
**Cumulative Growth in Prices for All Goods**  
**and New Textbooks From 2001 to 2007**



Source: U.S. Bureau.

<sup>2</sup> A limitation of this measure is that it only contains price data on new textbooks. In order to track prices over time, the Bureau of Labor Statistics uses a consistent basket of goods. If a product is no longer sold, then a replacement item must be found to take its place in the basket of goods considered. College textbooks, particularly used textbooks, have a relatively high number of replacements. Because it is difficult to find comparable used books over time, used-book prices are excluded from the CPI textbook calculation.

## Expenditures

Unlike the CPI measure that only covers new-book prices, data on students' expenditures for textbooks account for changes in behavior, such as purchasing used books, shopping at online stores, and sharing textbooks. The College Board performs an annual survey of colleges by collecting information on enrollment, tuition, and other major factors. Table 2.1 shows the annual cost of books and supplies for all 2-year and 4-year public institutions in America and the South region, which includes Kentucky, from 2003 to 2007 (College Board).

**Table 2.1**  
**Annual Cost of Books and Supplies for the U.S.**  
**and South Region Public Institutions**

	Year	2-year Public		4-year Public	
		Dollar Value	Annual % Change	Dollar Value	Annual % Change
<b>National Average</b>	2003	\$745		\$817	
	2004	\$773	4%	\$853	4%
	2005	\$801	4%	\$894	5%
	2006	\$850	6%	\$942	5%
	2007	\$921	8%	\$988	5%
	<b>Total % Change</b>			24%	
<b>South Region Average</b>	2003	\$721		\$790	
	2004	\$736	2%	\$814	3%
	2005	\$782	6%	\$843	4%
	2006	\$817	5%	\$877	4%
	2007	\$852	4%	\$933	6%
	<b>Total % Change</b>			18%	

Source: College Board.

According to the College Board, the annual cost of books and supplies at public institutions increased every year between 2003 and 2007.

The data show that the cost of books and supplies has increased over the 5-year period in all categories. Overall, course materials in the South region cost less, and the percentage change for course materials is lower than that of the national average. As of 2007, the average annual cost of books and supplies was more than \$900 per student nationally.

## Kentucky's Public Institutions

In order to obtain a more direct look at the prices of textbooks in Kentucky, staff surveyed all of Kentucky's public university bookstore Web sites. Staff gathered the used- and new-book prices for introductory biology, basic public speaking, introductory English, U.S. history, and college algebra. These classes represent an average group of courses that a freshman university studies student might take.<sup>3</sup> The results indicate that the textbooks for this group of classes would cost between \$400 and \$500 for the semester.

### Morehead State University

Most of the data available on textbook costs are aggregated over numerous universities and courses and do not allow for a detailed analysis of textbook costs. Staff were able to obtain detailed information for one of Kentucky's public universities. Morehead State University (MSU) provided textbook prices for the classes offered during 3 full academic years: 2005-2006 through 2007-2008.

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According to the National Association of College Stores, the national average price of a new textbook in 2006-2007 was \$53, and the average used price was \$48. According to data provided by Morehead State University, its new and used book prices did not increase every year between 2005-2006 and 2007-2008.

The average price of new and used textbooks at MSU was higher than that reported by the National Association of College Stores (NACS). According to NACS, the average cost of a new textbook in 2006-2007 was \$53 and the average used book cost \$48 (National. "Higher"). For MSU, the average price for a new textbook in 2006-2007 was \$64.75; the average used price was \$48.40. The NACS average is based on private and public, 2-year and 4-year institutions, which may account for at least part of the difference.

Table 2.2 depicts those disciplines at MSU with the highest textbook prices, the lowest textbook prices, and average textbook prices. A recent study by the Florida Office of Program Policy Analysis and Government Accountability also indicates that textbook prices vary across subject areas (State of Florida. Office 3).

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<sup>3</sup> These courses were selected because they are part of the University Studies Program at the University of Kentucky. The program contains general education courses that a student would need in order to graduate, and undeclared freshmen are assigned to it.

Contrary to the national and regional figures, new-book prices at MSU did not increase every year. New-book prices rose from the first to second academic year but then fell slightly. These data cover one school for only 3 years. A longer and more diverse data set would be required before general conclusions on textbook prices could be made.

**Table 2.2**  
**Average Price Per Textbook for Undergraduate**  
**Programs at Morehead State University**

	<b>Rank</b>	<b>Program</b>	<b>New Price</b>	<b>Used Price</b>
<b>Programs With the Highest Prices</b>	1	Nursing	\$207.10	\$155.29
	2	Veterinary Technology	\$185.51	\$139.06
	3	Finance	\$153.39	\$115.89
	4	German	\$152.60	\$114.40
	5	Physics	\$144.97	\$108.73
	6	Spanish	\$143.69	\$107.77
	7	Accounting	\$141.36	\$106.00
	8	Chemistry	\$136.38	\$102.28
	9	Health & Physical Education	\$136.30	\$102.22
	10	Regional Analysis & Public Policy	\$132.19	\$99.07
<b>Programs With the Lowest Prices</b>	1	Religion	\$16.95	\$12.70
	2	Russian	\$18.95	\$14.20
	3	Music (Private Applied)	\$33.70	\$25.28
	4	University Studies	\$34.65	\$25.95
	5	Leadership	\$37.23	\$27.87
	6	Education (Adult and Higher)	\$39.42	\$29.59
	7	Library Science & Instructional Media	\$42.28	\$31.63
	8	Education (Elementary)	\$47.66	\$35.75
	9	Career & Technical Education	\$48.63	\$36.46
	10	Education (Secondary)	\$48.78	\$36.55
<b>Programs With Average Prices</b>		Education (Early Childhood)	\$91.25	\$68.45
		Art	\$89.01	\$66.74
		Education (Professional)	\$87.59	\$65.62
		History	\$87.58	\$65.64
		Music (Education)	\$86.69	\$65.02

Source: Compiled by LRC staff using data provided by Morehead State University.

### **Data Differences and Caveats**

The data from the CPI, the College Board, the survey of bookstore Web sites, and Morehead State University provided an increasingly refined view of college textbook prices. The following paragraphs discuss some reasons for the different results.

The CPI measures changes in new book prices over time but does not include used books and changes in consumer behavior. In contrast, the College Board provides an estimate of expected student expenditures. For 2003 to 2007, the CPI reported a 25 percent increase in textbook prices; the College Board figures for 4-year public institutions in the South region indicated an 18 percent rise in expenditures.

In the market for textbooks, if the price of a book rises, students may shop around for lower-priced books or not buy the book, which will lower the estimated expenditures but not the prices. Students that change their behavior may lower expenditures, but they also receive less value from the book because they have to share or do without. Estimated expenditures indicate changes in student behavior, but the CPI only captures the change in the new-book price.

The College Board data compiled from the Annual Survey of Colleges show the overall average of colleges' estimated costs of new and used textbooks and supplies. This value is higher than the average cost of textbooks for a sample of freshman courses at Kentucky's public universities.

One reason for the difference is that the survey of freshman textbook costs did not include the cost of supplies as did the College Board. Another difference is that the survey of Kentucky university bookstores only included freshman classes, while the College Board considered all classes.

The data for Morehead State University represents a single school's textbook prices for 3 academic years, so the results cannot be used to make generalizations about all Kentucky universities.



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Overall, textbook prices have increased faster than general prices and textbook expenditures. Textbook costs vary by school and academic program.

Considering all of the data on textbook prices and expenditures, the following conclusions may be made:

- Prices of textbooks have typically increased faster than general prices.
- Student expenditures for textbooks have increased but not as much as new-book prices. This likely indicates that students are changing their behavior, such as shopping for lower-priced books, sharing books, or doing without the book.
- Costs and cost increases vary by school and academic program.

### **Market Participants**

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The market for college textbooks revolves around the interactions between publishers, retail stores, faculty, and students.

The market for college textbooks revolves around the interactions between publishers, retail bookstores, faculty, and students. Publishers are responsible for developing and printing new textbooks. Retail bookstores such as university stores, off-campus stores, and online stores are the major outlets from which students purchase textbooks. Faculty decide which textbooks get adopted, but students are the final consumers.

### **Publishers**

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Five major publishing companies market new textbooks.

The publishing market for college textbooks is made up of five major companies: Bedford, Freeman and Worth Publishing Group; Cengage Learning (formerly Thomson Learning); John Wiley & Sons, Inc; McGraw-Hill Education; and Pearson Education and W.W. Norton (Hildebrand. Memorandum). These companies compete by convincing faculty to adopt one of their new books or a revised edition of an existing book.

Publishers send representatives to universities and colleges with catalogs and samples to inform faculty about their textbook offerings. Representatives usually go from door to door to determine what each faculty member needs and then recommend books or packages that will meet those needs. Sometimes, faculty members solicit books from different representatives in order to find the text that best fits their criteria.

**Costs.** According to an industry Web site, two-thirds of the average textbook dollar goes to new books, and one-third goes to used books (Textbookfacts). An executive director of the Association of American Publishers provided details. As shown in Table 2.3, for new textbooks, this dollar is split in such a way that 38.6 percent goes to publishers' costs on new books, 15.5 percent goes to bookseller costs and income on new books, 7.8 percent goes to authors' royalty income, and 4.8 percent goes to publishers' income. One-third covers booksellers' costs and income for used books. Publishers and authors receive no income from used books (Hildebrand. "The University").

**Table 2.3**  
**Allocation of the Average Textbook Dollar**

	<b>Distribution of Costs</b>	<b>Percentage</b>
<b>New Books</b>	Publishers' costs	38.6%
	Booksellers' costs/income	15.5%
	Authors' royalty income	7.8%
	Publishers' income	4.8%
<b>Used Books</b>	Booksellers' costs/income	33.3%
<b>Total</b>		<b>100%</b>

Source: Hildebrand. "The University."

Some student organizations and public interest groups have held publishers accountable for the rising cost of textbooks, arguing that publishers revise textbooks more frequently than is needed in an effort to restrict the used-book market from which publishers get no income (U.S. PIRG). Public interest groups further argue that bundling materials, that students do not always use, increases the price of textbooks unnecessarily.

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Publishers contest claims that frequent revisions and bundling of textbooks are used to increase prices. They argue that the changes are necessary and cost effective.

In response, publishers state that frequent revisions are necessary to keep up with changing information. Also, the high cost associated with developing new textbooks requires that publishers obtain a return that will more than cover the costs. In addition, publishers claim that the cost of the bundled book is less than if each part was sold separately and that students perform better when they make use of the bundled materials (Farmer).

Publishers recommend that the benefits associated with textbooks and supplemental materials be considered along with the costs. If the materials improve student learning, a greater investment might be justified. According to an official with the Association of American Publishers, publishers often use the experiences of faculty and university officials to provide evidence of their products' effectiveness.

**Retailers**

Traditionally, the university or college bookstore was the only outlet for obtaining textbooks. However, the emergence of independent and online bookstores has increased the amount of competition within the last 10 to 15 years.

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Bookstores affiliated with Kentucky public universities are owned and operated by the institutions or by private firms.

**University Stores.** As shown in Table 2.4, each of Kentucky’s public universities has a university-affiliated bookstore that is either owned and operated by the institution or a private firm. In the case of Follett and Barnes & Noble, the university provides space, utilities, equipment, and maintenance for the building and store. In return, the bookstore has exclusive rights to buy and sell all required, recommended, or suggested materials, in addition to exclusive rights to sell other university merchandise such as clothing, notebooks, and supplies at both the on-campus and online bookstores. As payment, the bookstore remits to the university an annual guaranteed amount or a percentage of gross sales, whichever is larger. The contracts also stipulate the markup, margin, and resale values that the bookstore can use.

**Table 2.4**  
**Bookstore Owners at Kentucky Public Universities**

<b>University</b>	<b>Bookstore Owner</b>
University of Kentucky	Follett
Northern Kentucky University	Follett
University of Louisville	Barnes & Noble
Eastern Kentucky University	Barnes & Noble
Kentucky Community and Technical College System	Barnes & Noble
Kentucky State University	Nebraska Book Company
Western Kentucky University	Institution
Murray State University	Institution
Morehead State University	Institution

Source: Compiled by LRC staff.

In exchange for exclusive rights, store space, and maintenance, privately owned bookstores provide the university with either a percentage of gross sales or an annual guaranteed amount.

Table 2.5 shows the margin and resale values for Kentucky's public universities. For example, if a new textbook lists for \$100, the profit for that book for the store is 20 percent or \$20. A 50 percent buyback value indicates that a student would receive \$50 for selling the book back to the store if it has already been readopted for the upcoming semester. With a sale percentage on used books of 75 percent of the list price, the bookstore would then sell that book for \$75. In this case, the margin for the store is 33 percent, or \$25. The used-book buyback and sale percentages appear to be standard industry practice, with all stores adopting the same percentage value.

**Table 2.5**  
**Bookstore Profit Margins**

<b>School</b>	<b>New-book Gross Margin (% of List Price)</b>	<b>Used-book Buyback (% of List Price)</b>	<b>Sale of Used Book (% of New List Price)</b>
Eastern Kentucky University	25	50	75
Kentucky State University	25	50	75
Morehead State University	20	50	75
Murray State University	20	50	75
Northern Kentucky University	25	50	75
University of Kentucky	25	50	75
University of Louisville	25	50	75
Western Kentucky University	17-25	50	75

Note: In order to receive 50 percent on a book buyback, the book must have already been readopted for the upcoming semester.

Source: Compiled by LRC staff.

The National Association of College Stores provides national numbers on margins for college stores around the nation. They report that average margins in 2008 were highest for used textbooks at 35.9 percent, followed by custom texts at 25.4 percent, new course materials at 22.7 percent, and technology at 20.9 percent. According to NACS, the highest margin in the bookstore is 37.7 percent for noninsignia apparel (National College).

Off-campus bookstores provide some competition to the university store. These stores are not required to sell all books or submit any of their profits to the university.

**Off-campus Stores.** While university bookstores have exclusive rights to sell books on campus, they are not the sole suppliers of textbooks. Most campuses also have nearby independent bookstores. These bookstores compete with the university bookstore but are not contractually required to carry all textbooks, allowing them to pick and choose which textbooks they want to

supply. Further, they are not required to remit part of their profit to the university.

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Online stores and social network sites provide even more competition in the textbook market.

**Online Stores.** Additional competition to the campus bookstore comes from the Internet. Over the last decade, many used-book Web sites have appeared. Sites such as Amazon, Half.com, and Barnes & Noble allow students to buy and sell used textbooks online. Social network sites such as Facebook and MySpace enable students to post free advertisements for textbooks, allowing them to bypass bookstores altogether. Web sites such as PaperbackSwap.com permit students to swap textbooks at relatively low cost.

The advance in technology has led to the development of a thriving used-book market in which students are able to buy textbooks at prices less than the campus bookstore price. However, these markets have some disadvantages. When using online sites, students are more likely to buy the wrong edition of a book, which means the student must buy the correct edition and try to resell the incorrect edition online. There is also a possible delay between the time that a student purchases a book and the time it is received, leaving students without the textbook during a portion of the semester.

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Significant competition in the used-book market exists between the university stores, off-campus stores, and independent online stores.

Overall, there appears to be significant competition in the used-book retail market for college textbooks between campus bookstores, other independent bookstores, and online retailers. However, the amount of competition declines when the text assigned is a new book or new addition because the used market for that book has not yet developed.

**Bookstore Sales.** NACS provided national data on college store sales (Hershman). Table 2.6 shows there was a significant decline in the percentage of total dollar sales for new textbooks between 2002 and 2003, but this figure has since remained consistent at around 40 percent. In terms of used textbooks, the share of total dollar sales was relatively stable between 2002 and 2008, at around 17 percent.

**Table 2.6**  
**Textbooks as Percentage of Total Dollar**  
**Sales in U.S. College Stores**

<b>Year</b>	<b>New Textbooks</b>	<b>Used Textbooks</b>
2002	48.9	17.1
2003	40.2	16.6
2004	42.2	17.4
2005	42.5	17.7
2006	39.5	17.4
2007	40.8	17.1
2008	38.8	16.5

Source: Hershman.

Table 2.7 shows the volume of textbooks sold as a percentage of all items sold at the store. The average percentage of store sales that both new and used textbooks comprise has stayed relatively consistent over the past 3 years. New course books accounted for approximately 50 percent of the average number of store sales, while used course books made up 19 percent of the average number of store sales.

**Table 2.7**  
**Textbooks as Average Percentage of Items**  
**Sold in U.S. College Stores**

<b>Year</b>	<b>New Textbooks</b>	<b>Used Textbooks</b>
2006	47.8	17.8
2007	51.2	18.6
2008	48.2	20.1

Source: Hershman.

NACS estimates that bookstore costs account for approximately 24 percent of total new-book costs. Publishers' costs account for approximately 75 percent, with the remaining 1 percent allocated to freight. These values are similar to the ones reported by the Association of American Publishers in Table 2.3. In Table 2.3, booksellers costs/income associated with new textbooks was

estimated at approximately 23 percent. NACS reports that there has been little variation in the cost components of new textbooks over the last 18 years. During this time, publishers' share of cost components has ranged from 73 to 75 percent (National. "Where").

### Faculty

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Faculty members are responsible for textbook selection. They examine both the book and any ancillary materials during the selection process.

Faculty are responsible for selecting the textbooks required for their classes. They typically compare several textbook packages before choosing one that best matches their needs. Textbook packages, usually provided as free examination copies by the publishers, are composed of the textbook and any accompanying ancillary materials. Ancillary materials include aids such as PowerPoint slides, electronic test banks, student Web sites, and online practice questions for students. In order to determine what package characteristics were most prominent in the selection of textbooks, staff interviewed 25 faculty members at private and public universities from around the state.

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Faculty interviewed for this report indicated that the most important criteria in selecting a textbook are content, organization, and ancillary materials, not price.

The faculty interviewed listed content and organization as the two most important factors in selecting a textbook. The majority of faculty also considered the quality of ancillary materials but usually only after a close examination of content and organization. Some faculty indicated that they had a general idea of what their textbooks cost, but others were unaware of prices.

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Publishers do not provide faculty with a list of prices, but these data are not difficult to find.

Faculty stated that publishers did not provide a list of textbook prices, but if they wanted to know the price of textbooks they either looked it up online or asked the bookstore. So although some faculty did not have information on prices, it does not appear that prices are difficult to obtain. Overall, price was not considered an important factor in textbook adoption.

**Adoption Process.** The process by which faculty select textbooks and inform bookstores of their selections involves publishers, bookstores, and faculty. The following steps outline the process:

1. The university bookstore requests that faculty complete a form indicating the textbooks they will adopt for the upcoming semester. This request, usually sent via e-mail, comes approximately halfway through a semester. A typical deadline for textbook adoptions is 1 month before the semester ends.
2. Faculty select their textbooks after talking with publisher representatives and examining available options.

3. The university bookstore releases this information, due to open-record requirements, and off-campus bookstores receive the book lists.
4. The university store determines how many copies it needs based on past and projected enrollments.
5. The bookstore fills its orders. First, it buys used books from students during buyback, usually during the last 2 weeks of class. After buyback, the bookstore will turn to the wholesale used-book market. If after buyback and exhausting the wholesale market the bookstore still needs additional copies, it will purchase new books from publishers.

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Late adoptions by faculty reduce the number of used books available and the amount that students may receive during buyback. It also increases the price of textbooks due to the increased reliance on new books.

Timeliness of faculty adoptions affects the process. The bookstore managers interviewed indicated that when faculty adoptions are late, they have less ability to search for used books on the wholesale market because other schools will have depleted the supply. In addition, late adoptions significantly impact buybacks. The price that bookstores pay students during the buyback is affected by whether the book will be used at the university next semester. If faculty plan to readopt the book, but have not informed the bookstore, then the student might receive a lower price. Western Kentucky University provided the following figures for textbook adoptions for fall 2006.

**Table 2.8**  
**Percentage of Courses With Textbook Adoptions**  
**by Date, Western Kentucky University, Fall 2006**

<b>Date</b>	<b>Percentage of Textbook Adoptions Completed</b>
April 1–Adoption Deadline	16
May 1	57
June 1	66
July 1	75
August 1	88
August 15	93
Day before school started	97

Source: Cawthorn.

Late faculty adoptions usually result in the bookstore relying on more new books to fill their orders, which increases the cost of textbooks to next semester's students.



## Students

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Typically, students are required to purchase the textbook assigned by faculty teaching the course. In response to high textbook prices, students have adopted behaviors such as online shopping, sharing, or doing without the book in order to lower textbook expenditures.

Faculty members select the required and recommended materials for the classes that they are teaching. Students that want to take a class usually must purchase, at least, the required textbooks. Therefore, while students are sensitive to prices, they have little ability to influence prices. In response, students have developed several alternatives to dealing with higher prices, such as shopping for books at online and off-campus stores, borrowing, sharing, or doing without the book.

In order to observe the situation that students face and behaviors that they adopt, staff developed a survey that was sent to students at Eastern Kentucky University. There were 151 responses to the survey. The following paragraphs outline the student responses. The responses should not be used to make generalizations about the entire student population but serve as examples of some students' experiences.

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More than half of the students surveyed at Eastern Kentucky University purchased books from the university store.

The responses from the survey indicate that 73 percent of students purchased books from the university store for the spring 2008 semester. The next largest retailer was off-campus stores, followed by online stores. A large majority of those students who did not purchase books indicated that they did not do so because the cost of the textbooks was prohibitively high.

**Table 2.9**  
**Retail Outlets of Textbook Purchases**  
**for Eastern Kentucky University Students (2008)**

<b>Retail Outlet</b>	<b>Percentage of Respondents</b>
On-campus	73
Off-campus	45
Online	34
Shared	6
Borrowed	3
Did not purchase	13

Source: Survey of Eastern Kentucky University students.

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On average, students spent \$434 on textbooks for the spring 2008 semester.

Students indicated that they spent on average \$434 on textbooks for the spring 2008 semester; the maximum was \$900. Approximately 40 percent of the respondents received financial assistance. For these students, 71 percent obtained assistance to cover at least 80 percent of total textbook costs. The remaining 60 percent did not receive any financial assistance. These figures suggest that a sizable minority of students are highly or fully subsidized in their purchase of textbooks. These students who do not bear the cost of textbooks are unlikely to be as concerned about textbook prices as other students.

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The students surveyed typically only purchased the required materials. Even though a majority of the students found the book useful, they did not think that it was worth the cost.

Students were asked to indicate how useful they found the textbook and whether the book's usefulness justified its cost. The responses across a variety of classes were consistent. The majority of students found the book to be almost always useful, but they also claimed that it was not worth the cost. With respect to supplemental materials, few students purchased these materials. Approximately half of the students who purchased the materials said they were worth the cost. Although a majority of students do not believe that textbooks are worth the cost, formal research into the effectiveness of college materials is not currently a widespread practice, and it would be helpful if there was more such research instead of anecdotal evidence.

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The surveyed students who rarely used the book indicated that they did not need it because the lectures and PowerPoint slides provided all of the necessary information.

Students who indicated that they rarely used the book indicated that attending class and taking notes were all that was required; therefore, using the book provided no additional value. Further, these respondents indicated that professors used PowerPoint slides, and sometimes posted these online, where the information was readily available. In some cases, students indicated that there was no need to use the book because exams did not cover any material from the book, only lecture material.

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Almost half of all students sold books back to the university store. The next popular outlet was off-campus stores, followed by online stores. A quarter of all students did not resell books.

Students were asked to indicate through which outlets they sold their books. Because they sold their books to a number of different outlets, the percentages total to more than 100. Almost one-half of students, 47 percent, sold books to the university bookstore, followed by 32 percent of sales to off-campus stores, and 10 percent to online stores. Twenty-five percent of students did not sell their books. Major reasons for not selling their books were that the bookstore was not purchasing them due to new editions being released, the book was not being readopted, or that students wanted to keep their textbooks as references. Students estimated that they received an average of \$90 from reselling their books the previous semester, with a maximum value of \$300.

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The survey results indicate that a majority of students buy and sell books at the university store. They indicated that the textbook was useful, but not worth the cost.

The results from the survey suggest that, in general, the student respondents purchased the required textbook but did not think it was worth the cost; sold their books to the university bookstore; and spent an average of \$434 for textbooks for the current semester and received \$90 on average from the resale of books the previous semester. The survey results indicate that students are discouraged by rising textbook prices and have developed alternative means of obtaining books.

### **College Textbook Market**

In the college textbook market, the person making the decision about what product to buy is not the person who bears the cost. While faculty members may consider the price of a textbook, it generally is not one of their top three concerns. Instead, according to faculty interviews, they are more interested in the content, organization, and ancillary materials associated with the textbook. Since most faculty members receive free exam copies of textbooks, they may not be very concerned with the price that students have to pay.

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In typical markets, consumers trade off price and quality. This is not the case in the textbook market because the consumer—the student—does not make the product choice. Instead the product choice is made by the faculty member teaching the course.

In a typical market, consumers decide which products to purchase by evaluating the trade-off between a product's features and its price. The decision to purchase a luxury car or an economy car is an example. Consumers decide whether the additional amenities that come with a luxury car justify the higher price. Consumers who feel the value of the additional features do not offset the additional cost will seek out lower-cost alternatives. Because of this, automobile manufacturers must balance additional features and price or risk losing sales.

This is not the case for college students when purchasing textbooks. Students may be able to shop around for the required book but do not have the freedom to choose an alternative book. Further, once students decide to take a course, they typically will need access to the book. In response, students have found ways to reduce their textbook costs, such as sharing books with other students and buying the books from online stores. Some students do without the textbook altogether.

### **New Books**

In order to be competitive, a publisher must provide products with features that are deemed better than their competitors' and better than the used books that are available. Since publishers compete on

content, organization, and other materials, this has given rise to the use of expert reviewers and the development of more complex materials. Although these increase the book's usefulness in learning, they also lead to higher prices.

### Used Books

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The market for used books is dependent on the revision cycle of a textbook. Once a new edition is released, the used-book market decreases considerably.

The used-book market is composed of students who buy and sell used copies to retail bookstores and wholesalers. Retail bookstores are composed of on-campus, off-campus, and online stores.

Students who purchased a textbook new at the beginning of the semester are the initial sellers in the used-book market. These students sell their used books at the end of the semester to on-campus and off-campus stores during buyback or at online stores. The retailers then resell these books to other students the following semester.

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Textbook revision cycles vary by subject area. According to surveyed faculty, cycles tend to be shorter and more justified for the hard sciences and technology. Faculty in other disciplines said longer revision cycles were appropriate.

When a new edition of a textbook is adopted by faculty, the campus bookstore is unwilling to buy back the old version and the used market for the old edition is quickly eliminated. However, if there are enough faculty members who want to continue using the old edition, the used market for this book would continue to exist. The market for used books typically only lasts until a new edition of the book comes out. Bookstore managers indicated that once a new edition is released and adopted it may be difficult to find used copies of the old edition, even if the faculty member decides not to switch to the new edition.

The used-book market is dependent on the revision cycle of new books. The more quickly publishers revise and issue new editions of textbooks, the shorter the used market for a book will be. Surveyed faculty specified that the rate at which textbooks are revised has become quicker over time. Faculty responses also indicated that the revision cycle should vary by subject area. For example, a history professor stated that history textbooks should typically be revised every 5 years. A microbiology professor indicated that the cycle for that discipline should be every 2 years to keep up with the frequent changes in that field.

Given that the used-book market is driven by the revision cycle of textbooks, and that this cycle appears to have shortened over time, students might have to rely more on new books instead of used. Because new books cost more than used books, this will cause textbook expenditures to rise.

## Level of Competition

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The college textbook market is fairly concentrated with five major publishers serving the entire country.

There are five major publishers in the market for college textbooks. The relatively concentrated nature of the market prompted staff to examine the antitrust cases from the Department of Justice (DOJ) and the Federal Trade Commission (FTC) concerning publishers. DOJ and FTC are federal agencies charged with enforcing the nation's antitrust laws, including approving or disapproving mergers based on the merger's potential impact on competition.

An examination of antitrust cases from DOJ and FTC indicated that the market for college textbooks has become more concentrated over the last 10 to 12 years. The following list shows the proposed and accepted mergers that have occurred since 1998:

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Since 1998, the Department of Justice (DOJ) and Federal Trade Commission (FTC) have required some firms to divest property rights in areas in which mergers would result in a large market share and potentially reduce competition before approving the proposed merger.

1. Thomson acquired Harcourt (Reed Elsevier) in 2001. In order for this merger to be approved by DOJ, Thomson was required to divest the property rights for college books in 38 subject areas. These property rights included not only the textbook but also other materials such as research and development, PowerPoint slides, and test banks. DOJ stated that the two companies both sold products that were very close substitutes. Without intervention, the merger would result in a single company controlling a relatively large share of the textbook market resulting in a harmful reduction in competition.
2. Pearson Inc. acquired Viacom, which owned Simon and Schuster, in 1998. DOJ expressed concern about the lack of competition associated with this merger and required Pearson to sell its elementary school science textbook program and its college textbook titles in 32 subject areas.
3. In 1998, Barnes & Noble and Ingram submitted merger plans to FTC. Barnes & Noble is a retailer of books; Ingram is a wholesaler. Due to strong resistance from editors, representatives, and booksellers, and rumors of an unfavorable response from FTC, they withdrew their merger application.
4. DOJ and FTC approved the Bartelsmann-Random House merger in 1998 without requiring any concessions.

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In some cases, merger applications were withdrawn due to strong resistance in the market.

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In some cases, DOJ and FTC did not require any concessions before approving a merger.

Other cases of intervention in the college textbook market occurred in 1988 when FTC charged six major publishers with illegally discriminating against independent bookstores. The accusation was that these publishers were selling books to independent bookstores

at higher prices than to major bookstore chains. In 1996, FTC dismissed the charges, stating that private litigation and significant changes in the market had removed the need for litigation.

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Except for imposing requirements on some mergers to prevent the mergers from harming competition, neither FTC nor DOJ has publicly expressed concern that there is too little competition in the market.

Overall, there has been some consolidation in the market for college textbooks. Both FTC and DOJ examined mergers between publishers, and when the occasion warranted, they required that firms change their holdings in order to prevent a restraint of competition.

### Emerging Trends

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Ebooks are a new phenomenon where students buy access to the book for a specified period of time.

**Ebooks.** There has been a recent emergence of electronic books, or ebooks. Students buy ebooks from either the bookstore's online Web site or directly from the publishers' Web site. A student who buys one of these books purchases the right to the online version of the book for a given period of time, usually a semester. In some cases, there are printing restrictions, such as 25 selections or pages every 7 days. At the end of the semester, the subscription typically expires and the student no longer has access to the book.

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According to bookstore managers, use of ebooks has been less than expected. Reasons for this include preference for the convenience of printed books, lack of resale value, and inability to be kept as references.

Bookstore managers indicated that there has been an increase in the number of ebooks but that this trend has not caught on as expected. The bookstore director at Morehead State University indicated that in 4 years the number of ebooks adopted tripled but is less than 1 percent of total textbook sales.

Bookstore managers provided several reasons for this. First, students appear to prefer traditional textbooks because they are easier to read and highlight than online texts. Another reason is that although ebooks typically cost less initially, they have no resale value. Students are unable to sell the book back to the bookstore; therefore, the net cost of the ebook—book price minus resale—may actually be higher than for a printed book, particularly a used book. Last, students who may want to keep the textbook as a reference book are unable to do so with ebooks.

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Ebooks are growing in popularity for online courses.

The one way in which bookstore managers agreed that ebooks are working is for online courses. In these instances, it appears that students prefer to purchase ebooks. This may be because students do not want to make the trip to campus or to search online bookstores, or these students may already be predisposed to use ebooks for online courses.

**Textbook Rental Programs.** Another emerging trend is textbook rental programs. According to an Illinois Board of Higher Education 2007 report, there are 25 rental programs in the U.S. (State of Illinois). NACS stated that approximately 2 percent of its member stores in the U.S. and Canada have some type of rental program (National. “FAQ”).

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Textbook rental programs vary in size and scope from school to school. The major benefit of these programs is that students are guaranteed books at lower average costs.

Rental programs may be full or partial and vary from school to school. A full rental program provides books for all students and may charge by the credit hour, book, or course. In this program, there is a book available for every student. The major benefit is that all students will have books available to them at a lower yearly cost. The Illinois Board of Higher Education estimated that students paid an annual average cost of \$337 at community colleges and \$305 at public universities for textbook rentals.

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Textbook rental programs have extremely high start-up costs. The Illinois Board of Higher Education estimated these costs at \$2.5 million for community colleges and \$10 million for universities.

A major problem with the rental program is start-up cost. The Illinois Board estimated that on average, start-up costs would be \$2.5 million for community colleges and \$10 million for universities (State of Illinois). Another significant problem with rental programs is the restriction placed on faculty. Once a textbook is selected, faculty are unable to change the book for a specified period of time, usually 2 to 4 years.

**Custom Textbooks.** Publishers have begun developing custom textbooks that allow faculty to select only the material they want. With traditional textbooks, faculty select the textbooks that they feel best fits the needs of the class. In some instances, the topics covered in the textbooks might not fully match the topics covered in the course. Custom textbooks allow faculty to build textbooks for their classes from various components. For example, a professor might only select certain chapters from a larger textbook.

Publishers indicate that prices for custom textbooks can be lower than for traditional textbooks. An official of the American Publishers Association described a custom book used at Wright State University (Hildebrand. “The University”). The custom textbook costs \$51.90; the full textbook costs \$79.20. It is not clear whether the professor for this class would have selected the full version or some other textbook if the custom book was not available. Therefore, while the price of the custom textbook is lower than the full textbook, the savings to students is not known. It should also be noted that the savings may depend on whether the custom textbook is used in later semesters. Students might have difficulty selling a used custom textbook at the end of the semester if it will not be used next semester.

## Current Legislation on College Textbooks

### State Legislation

Starting in 2005, states have enacted laws related to textbook prices. Legislation ranges from providing public access to textbook adoption to requiring that publishers provide faculty with wholesale book prices.

In response to growing concern over textbook prices, some states have enacted legislation aimed at slowing the increases in costs. As summarized in Table 2.10, legislation ranges from providing greater public access to textbook adoptions to publishers providing faculty with wholesale price lists. Given the recency of the changes, it is too early to know whether the laws are accomplishing their goals.

**Table 2.10**  
**State Laws on College Textbooks**

State	Prohibit Publishers From Providing Payments to Faculty	Require Universities To Make Book List Public	Impose Faculty Guidelines for Textbook Adoption	Restrict Use of Bundled Material	Require Publishers To Provide a List of Revisions for New Editions	Require Publishers To Provide a Price List to Faculty
Alabama		■	■	■	■	■
Arizona	■		■	■	■	■
California	■		■	■	■	
Colorado			■	■	■	■
Connecticut		■			■	■
Florida	■	■	■			
Iowa		■				
Kansas			■			
Minnesota		■	■	■		
Missouri		■		■	■	■
Oklahoma	■	■	■	■	■	■
Oregon		■		■	■	
Tennessee		■	■	■		■
Virginia	■	■	■	■		
Washington			■	■	■	■
West Virginia	■	■				
Total	6	11	11	11	9	8

Source: National Association of College Stores. "State Bills."

**Prohibit Publishers From Providing Payments to Faculty.** Six states have banned employees at public institutions from receiving payments or benefits, apart from normal author royalties, from a particular textbook adoption. The concept behind these laws is to prevent faculty from being influenced by publishers so that they adopt the book that best meets the students' educational needs and not one that provides the greatest payment.



**Require Universities To Make Book Lists Public.** Eleven states require bookstores to post book titles with International Standard Book Numbers and author names to the Web within 30 days before the semester starts. The idea behind this requirement is that students will have more time to compare textbook prices from the university store, off-campus competitors, and online stores, which in turn might lower overall textbook costs.

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Faculty guidelines on early textbook adoption better enable bookstores to take advantage of wholesale used-book market.

**Impose Faculty Guideline for Textbook Adoption.** Eleven states require guidelines for faculty adoptions. These guidelines are designed to minimize costs or require that faculty submit their adoptions on time. Early textbook adoption is intended to help bookstores find as many used books as possible. Since used books cost less than new, overall costs should be less. However, without enforcement, this may not deter faculty from making late adoptions.

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Requiring faculty approval for bundled goods should reduce unintentional adoption of bundled books.

**Restrict Use of Bundled Material.** Eleven states require that either book bundles be sold as individual components or that faculty specifically approve the bundle. If faculty are selecting bundles and only using a portion of the bundled material, students might pay for material they do not use. Requiring that bundles also be available as separate components could reduce these unnecessary purchases. In some instances, however, the requirement that bundles be sold separately could increase costs. Publishers indicated that buying a bundled textbook was in general less costly than buying the components separately. Therefore, requiring that bundled items be sold separately could actually increase textbook expenditures if the faculty member decides to use several components.

The provision that faculty must confirm the adoption of bundled books could be beneficial if it eliminates cases in which faculty unintentionally assign a bundled textbook when they do not plan to use components other than the textbook. It is not known how frequently faculty unintentionally assign bundled textbooks and how much this would actually lower costs. An advantage of this legislation is that faculty might be more aware of the bundled components and be more likely to make use of them during the course of the semester.

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It is unlikely that requiring publishers to provide a list of substantial revisions on new editions will lower textbook prices. Even if faculty choose to continue with the old edition, the bookstores indicated that the used-book market is significantly reduced when a new edition is released. Therefore, bookstores may not be able to find enough of the required used books.

**Require Publishers To Provide a List of Revisions for New Editions.** Nine states require that publishers provide a list of the revisions in new editions and in some cases the expected market length of the new edition. With a list of revisions, faculty could more easily decide whether adopting a new edition was beneficial. It is not clear how the requirement that publishers provide faculty with a list of revisions on new editions will lower the price of textbooks; it would depend on the used-book market. If there are enough faculty that want to continue using the old edition, to preserve the used-book market for the book, then this legislation could lower textbook prices. However, if there is not enough demand for the used book to sustain a market for it, then this legislation would not lower textbook prices.

**Require Publishers To Provide a Price List to Faculty.** Eight states require publishers to provide faculty with the wholesale list prices of books. This requirement would only influence those faculty members who do not check textbook prices and might be induced to change their adoption if they knew the price. In this case, the legislation would lower textbook costs. This legislation may have a slight impact on prices, but at least it would ensure that faculty know the prices of the textbooks they are adopting, even if they choose to ignore this information.

### Federal Legislation

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Congress recently passed the College Opportunity and Affordability Act, which addresses rising textbook costs with provisions similar to those in state legislation.

In the past two Congressional sessions, several bills were introduced to address textbook concerns. At the conclusion of the 2008 session, the College Opportunity and Affordability Act was enacted into law. The Act amends the Higher Education Act of 1965 and contains provisions similar to those in state legislation regarding textbook costs. It contains requirements that publishers provide wholesale book and supplement prices, the copyright dates of the three previous editions, and any substantive changes between the current and previous edition; that bundled items be made available for individual sale; and that book titles and International Standard Book Numbers be published with the course schedule.

## **Conclusions**

Prices for new college textbooks have increased at a faster rate than prices in general. Students can avoid price increases to some extent by switching to used books, shopping online, and sharing books with other students.

The market for college textbooks differs from many other markets because faculty decide which books will be used and students purchase the books. Faculty select textbooks largely on characteristics rather than prices. Because students have few options to purchasing the books, the number of books sold changes little as prices increase. Given this situation, publishers tend to compete by developing products that faculty find useful rather than by having the lowest price. This results in publishers developing more innovative products; however, this can also lead to higher prices.

Other states recently have enacted legislation aimed at slowing the increase in textbook costs. It is too early to determine the laws' effectiveness.



## Chapter 3

### High School Textbooks

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Textbooks and instructional materials accounted for approximately 1 percent of total school and school district expenditures in FY 2007. Kentucky public high schools spent \$13.8 million on textbooks. This was approximately \$76 per high school student.

Kentucky public schools spent approximately \$44 million for textbooks and other instructional materials in FY 2007, which accounted for about 1 percent of reported expenditures (Commonwealth. Department. "Receipts"). Of this total, \$13.8 million was for high school textbooks, which was approximately \$76 per high school student. The amount that high schools spend on these materials is influenced by factors such as production costs, how prices are set, and use of instructional materials.

This chapter discusses how high school textbooks are adopted in Kentucky and how prices are determined. It also discusses the data available on textbook prices and the factors that influence the costs that high schools incur for textbooks.

#### Textbook Adoption in Kentucky

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States fall into one of two categories with respect to how high school textbooks are selected and purchased. In Kentucky, and 21 other "adoption" states, the initial selection of textbooks is made at the state level. In the remaining states, each school or school district decides which textbooks to purchase with little or no direction from the state.

States fall into one of two categories with respect to how high school textbooks are selected and purchased. The first category consists of 22 "adoption" states, including Kentucky, in which the initial selection of textbooks is made at the state level. In these states, a group of educators and lay people review and approve textbooks. Publishers agree to make the approved books available to the state's high schools at a specified price. Local school officials may then select textbooks from the list of approved texts and their prices. The prices that Kentucky's high schools pay for textbooks are largely determined by the outcomes of the state's textbook adoption process.

The other states take a less centralized approach, allowing each school or school district to decide which textbooks to purchase with little or no direction from the state.

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The Kentucky Textbook Commission guides the process by which textbooks are initially selected.

The Kentucky Textbook Commission, assisted by Kentucky Department of Education (KDE) staff and an 11-member textbook review team, guides the process by which textbooks are initially selected. The commission consists of the commissioner of education and 10 appointed members. The latter are appointed by the Kentucky Board of Education upon the recommendation of the commissioner and must meet the following requirements:

- eight must have at least 5 years of teaching or supervising experience in Kentucky public schools;
- five must currently be teaching in Kentucky public schools the subject for which textbooks are being adopted;
- two must be principals, supervisors, or superintendents of public schools;
- one must be a faculty member at a public institution of higher education and be engaged in teacher preparation; and
- two must be lay citizens, one of whom must have a child enrolled in a public school.

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KRS 156.405 charges the Textbook Commission with developing the criteria and forms to be used in the state-level review process, providing the public an opportunity to comment, creating a list of high-quality textbooks from which schools can choose, and publishing a consumer guide to help schools decide which textbooks best fit their needs.

KRS 156.405 charges the Textbook Commission with

- developing selection criteria and evaluation forms that are used in the state-level review process,
- providing the public an opportunity to inspect and comment on textbooks and programs that are under consideration for adoption,
- constructing and publishing a list of high-quality textbooks and programs based on the review team's evaluations, and
- publishing a consumer guide to help school districts decide which textbooks best fit their needs.

The following section provides an overview of the textbook adoption process in Kentucky as described in KRS 156, KRS 157, and 704 KAR 3:455. While this study does not specifically address textbooks for elementary and middle schools, the adoption process for these textbooks is the same as for high schools.

Table 3.1 summarizes the typical schedule for Kentucky's textbook adoption process. The process begins 2 years before the final adoption, when on or before May 1, the commissioner of education announces the subject that will be up for adoption. The six adoption groups are

- language arts and reading,
- social studies,
- science,
- mathematics,
- vocational studies, and
- arts and humanities.

For example, science textbooks were adopted in 2007, and mathematics textbooks are up for adoption in 2008. Schools will be able to purchase books from the mathematics adoption starting in 2009.

By February 1 of the next year, the commissioner calls for applications to fill 12 textbook reviewer positions. The duties of this review team of education professionals and laypersons include developing subject-specific criteria that will be used to evaluate textbooks, reviewing all textbooks and programs submitted for adoption, and submitting completed evaluation forms for each textbook or program they reviewed to the Textbook Commission.

**Table 3.1**  
**Time Line of Textbook Adoption in Kentucky**

<b>2 Years Before Adoption</b>	May 1	Deadline for commissioner of education to announce next year’s adoption group
<b>1 Year Before Adoption</b>	February	Deadline for commissioner of education to call for textbook reviewer applications
	February/ March	Textbook Commission selects textbook reviewer team members during its first quarterly meeting
	July 15	Deadline for publishers to submit bid packets to Textbook Commission
	July 15	Deadline for Textbook Commission to approve evaluation tool
	September 20	Deadline for Textbook Commission to create state multiple list
	November 15	State multiple list must be mailed to all superintendents by this date
<b>Year of Adoption</b>	May 1	Deadline for contracts between KDE and publishers

Source: Staff summary based on interviews with KDE staff and review of Kentucky Revised Statutes.

The commissioner of education is responsible for reviewing the applications and forwarding a list of qualified individuals to the Textbook Commission. The commission must select the 12 review team members at its first quarterly meeting of the year, usually held in February or March. Kentucky Department of Education curriculum staff are responsible for training the reviewers regarding departmental policy, the textbook review process, and the role that reviewers will play once publishers’ bid packets are received.

## Bid Process

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A publisher wishing to have its textbooks considered for adoption submits a sealed bid packet to the commissioner of education.

A publisher wishing to have its textbooks or other instructional resources considered for adoption must submit a sealed bid packet to the commissioner on or before July 15 of an adoption year. The packet must include

- copies of each textbook or program that is to be considered for adoption, including any revised or special editions;
- a sworn statement of the list price and lowest wholesale price at which each title is sold; and
- a surety bond in an amount to be determined by the publisher and the surety company, but the amount of the bond must be no less than \$2,000 and not more than \$10,000.<sup>1</sup>

The sealed bid packets must be opened during a public meeting of the Textbook Commission, which is usually held a few days after the July 15 bid deadline. All bids that meet the specifications are then considered by the reviewers.

## Creation of the Evaluation Tool and the Review Process

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A review team develops and then submits to the commission for approval a subject-specific evaluation tool that is used to review each instructional resource.

The review team is responsible for developing a subject-specific evaluation tool that will be used to review each instructional resource. This tool addresses content, audience, format, readability, accuracy, and ancillary materials. Once the team agrees on what criteria to use, they forward this information to the Textbook Commission for approval.

On or before July 15, the commission should approve the subject-specific criteria and incorporate them into an evaluation form that will be used during the textbook review.

Staff examined several evaluation tools that were used during past adoption cycles. Although there was some variability in the subject-specific criteria, all tools attempted to evaluate whether or not the textbook was aligned with Kentucky's Core Content and Program of Studies. The Program of Studies represents the material that students are expected to know before graduating from high school. The Core Content represents the essential material for students to know and that is assessed by the Commonwealth Accountability Testing System. The evaluation tools also addressed issues related to suitability of the material for a diverse audience; whether or not the text promoted inquiry and the application of learning; organization and formatting; and ensuring

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<sup>1</sup> The surety bond is intended to ensure that the publisher is able to provide the textbooks during the 6-year adoption period.



that the text included content geared to the needs, interests, and abilities of the intended students.

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Textbook reviewers' primary concern is whether the resource aligns with Kentucky's Core Content and Program of Studies. Evaluations are submitted to the Textbook Commission.

Once the commission has approved the tool, the review team begins evaluating the textbooks submitted for adoption. Legislative Research Commission staff did not have the opportunity to witness the review process but did interview reviewers from past adoptions and KDE staff. According to KDE staff, the process typically begins with the reviewers dividing into groups of two individuals. Each group is then assigned a textbook to evaluate. If the pair of reviewers agrees that the text assigned to them should or should not be recommended for use as a basal text, the reviewers' recommendations are forwarded to the Textbook Commission. If the reviewers cannot agree, the textbook is reviewed by other teams until a consensus is reached.

Reviewers primarily evaluate whether the textbook aligns to the Core Content and Program of Studies. Reviewers also consider whether the material seems appropriate for the grade level and whether there are errors. Prices are not considered during evaluations, and reviewers noted that they did not have access to price information.

### **State Multiple List of Recommended Textbooks**

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No later than September 20 of an adoption year, the Textbook Commission creates a list of recommended textbooks and programs that can be used as the primary means of instruction for a particular grade level. This list must be mailed to the superintendent of each school district no later than November 15.

No later than September 20 of an adoption year, the Textbook Commission must create a state multiple list of recommended textbooks and programs based on the review team's evaluations. This list consists of recommended basal instructional resources in accordance with KRS 156.445. "Basal" refers to resources that serve as the primary means of instruction for a grade level or course for the adoption group under consideration. Basal instructional resources must encompass the standards and expectations for student learning described in the Kentucky Program of Studies and Core Content for Assessment (Commonwealth Department "Adoption Group III").

The number of recommended items varies across subjects, but there are generally 80 to 90 recommended items intended for grades 9 through 12 in the current lists.

The state multiple list should be mailed to the superintendent of each school district and published on the KDE Web site no later than November 15 of an adoption year. Table 3.2 illustrates the type of information provided for each recommended resource with examples from the 2007 state multiple list for science.

**Table 3.2**  
**Examples of the Recommended Textbooks**  
**From the 2007 State Multiple List for Science**

<i>AGS Biology, Cycles of Life, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 1st
Kentucky Bid Price \$49.99	Copyright - 2006
<i>AGS Biology, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 4th
Kentucky Bid Price \$49.99	Copyright - 2004
<i>AGS Earth Science, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 4th
Kentucky Bid Price \$49.99	Copyright - 2004
<i>AGS Physical Science, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 4th
Kentucky Bid Price \$49.99	Copyright - 2004
<i>Chemistry, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 1st
Kentucky Bid Price \$59.99	Copyright - 2007
<i>Concepts and Challenges, Earth Science, Student Edition</i>	
Grade(s) from Publisher ~ 6, 7, 8, 9, 10, 11, 12	Edition - 4th
Kentucky Bid Price \$59.99	Copyright - 2003

Source: Commonwealth. Department. "State."

### Consumer Guide

A consumer guide is also mailed to the superintendent of each school district. This guide summarizes the review team's evaluations.

The Textbook Commission creates a consumer guide that summarizes the review team's evaluation of each title on the state multiple list. The guide is mailed to the superintendent of each school district and published on KDE's Web site. In addition to information on the recommended materials, the consumer guide includes information on ancillary materials that schools can purchase. The prices for these ancillary materials are not necessarily fixed for the 6-year period.

The following passage describing *AGS Biology, Cycles of Life* from the 2008 consumer guide for science textbooks illustrates the type of information available.

The overall recommendation for this textbook is moderate because it meets a lot of the requirements below, but it does not excel in most of them. This book requires the learner to have a basic foundation in biological science. For this reason, this book might be better suited for students in grades 9-12. The book presents a lot of factual information building in a limited number of learning extensions or enrichment opportunities. This text is designed for biology course[s] focused on learning the basics or used [for] a remedial course (Commonwealth. Department. State”).

If the consumer needs information beyond what is found in the recommendation summary, the review team’s completed evaluation tool form is also available in the consumer guide.

### **Adoption Contracts**

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The commissioner of education must execute 6-year contracts for the recommended textbooks with publishers on or before May 1 following the establishment of the state multiple list.

The commissioner of education must execute contracts for the recommended textbooks with publishers on or before May 1 following the establishment of the state multiple list. These contracts are typically for a period of 6 years. The cost of each title that was bid as a basal resource is locked in at the price originally bid by the publisher. Ancillary materials are not locked in at the price originally bid by the publisher.

Once the contract is signed, publishers must ship free sample copies of any recommended title to the regional review sites located at the libraries of the eight state universities and the Gheens Academy in Louisville. Copies of the textbooks remain at each site for the period of the adoption, which allows educators and the public the opportunity to review resources bid for all adoption groups.

Publishers are required to furnish the American Printing House for the Blind a computer diskette of any recommended title in a format that can be readily translated into Braille or large print.

At the request of the superintendents of school districts, publishers must furnish sample copies of titles on the state multiple lists. Failing to meet this legal obligation can result in cancelation of their contracts.

### Selection of Textbooks by Local School Districts

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Local school districts can select any basal textbook or program on the state multiple list. They may choose to purchase basal texts that are not on the list, but they must first submit evidence that the chosen title meets the selection criteria of the Textbook Commission.

Once the state multiple list is published, local school districts can select any basal textbook or program on the list. Based on interviews with school district staff, schools initiate the orders for textbooks. District staff check to ensure that purchases are valid and order textbooks from publishers.

Schools or local school districts may choose to purchase basal texts or programs that are not on the state multiple list. A school choosing to make off-list purchases must notify KDE by submitting evidence that the title it has chosen meets the selection criteria of the Textbook Commission in KRS 156.405(3)(b), meets the subject-specific criteria established by the reviewers pursuant to KRS 156.407 (5), and complies with the required publisher specifications. This means that the school must go through a review process similar to the one that the Textbook Commission used and must use the same instrument to evaluate the material.

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Approximately 16 percent of high school principals surveyed indicated that their schools had purchased off list. If schools from more than one district intend to purchase the same textbooks off list, all districts must submit evidence that the text meets selection criteria, which results in duplication of work.

Approximately 16 percent of high school principals surveyed indicated that their schools had purchased off list, primarily because teachers said that off-list books would better fit the needs of their students. Off-list purchases can also be made for advanced placement classes, but schools are not required to file reviews for such purchases.

If schools from more than one district intend to purchase the same off-list textbook, all the school districts must submit evaluations of the book. Because there is no coordination of off-list purchases, districts are performing duplicative work. Unless there are reasons why an off-list book would be approved for one district and not another, this seems inefficient.

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Recommendation 3.1 is that the Kentucky Department of Education should post the approval of off-list materials and not require that additional evaluations be performed by other school districts that wish to use the same materials.

#### Recommendation 3.1

**The Kentucky Department of Education should post the approval of off-list materials and not require that additional evaluations be performed by other school districts that wish to use the same materials.**

### Funding for High School Textbooks

Regardless of whether schools purchase textbooks from the state multiple list or off list, they bear the cost of purchasing these items. Based on LRC staff's survey of high school principals, one-half of high schools offset at least a portion of this cost by charging textbook rental fees to students.

Regardless of whether local school districts select instructional resources for their high school students from the state multiple lists or not, they bear the cost of purchasing these items. State government appropriates funds for textbook purchases for kindergarten through 8<sup>th</sup> grade. High school textbooks are funded through local funds or other sources.

According to LRC staff's survey of high school principals, one-half of high schools offset at least a portion of the cost of purchasing instructional resources by charging a textbook rental fee. These fees are used to maintain textbooks, to purchase new books, and to offset the cost of providing textbooks to students who are unable to purchase or rent their own textbooks. Eighteen percent of the principals surveyed indicated that their schools charged a student fee that was intended to cover only the costs of textbooks. An additional 32 percent indicated that their schools charged a general fee to students that covered textbooks and other expenses. In most schools, the fees were charged each year. The remaining principals indicated that their schools did not charge a student textbook fee.

Some schools charged a fee per class or per textbook. Typically, these fees were either \$4 or \$8 per class or book. All schools that charged a fee provided an exemption for students who were eligible for the free or reduced-price lunch program. The distribution of annual fees charged to students is shown in Table 3.3. Fees ranged from \$4 per year to \$75 per year.

**Table 3.3**  
**Annual Student Fees Used Solely or**  
**Partly for High School Textbooks**

<b>Annual Fee</b>	<b>Percentage of Schools</b>
\$10 or less	25
\$10.01 to \$20	7
\$20.01 to \$40	20
\$40.01 to \$60	34
More Than \$60	14
<b>Total</b>	<b>100%</b>

Note: 56 respondents.

Source: LRC staff's survey of high school principals.

## Market for High School Textbooks

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Publishing representatives noted that although textbooks are a national market, they tend to focus on meeting the needs of California, Texas, and Florida, the three states with the potential for the greatest sale volume.

Staff interviewed representatives from several of the publishing companies selling textbooks in Kentucky to better understand the market for high school textbooks. Several large publishing companies are major suppliers to high schools. These companies often provide a wide range of materials. In some instances, a major publisher might have multiple divisions that concentrate their efforts in specific academic areas. There are also numerous smaller companies that often have a narrow focus.

Representatives from the publishing industry stated that textbooks are primarily produced for a national market. Publishers often focus on the standards of larger states such as California, Texas, and Florida because textbook requirements vary across states and the volume of books that can potentially be sold in these states.

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Publishers often modify or supplement textbooks developed for high-volume-sales states to meet the requirements of smaller state markets such as Kentucky. Publishing representatives said that such modifications add to the cost of textbooks, but they did not provide an accounting of these additional costs.

Publishers can modify or supplement textbooks developed for these larger states to meet the requirements of smaller states. As an example, one representative indicated that Kentucky might teach a certain component of math in the 3<sup>rd</sup> grade rather than the 4<sup>th</sup> grade as is the case in other states. This situation would require adjustments to national textbooks to ensure that the material matched the Kentucky standards. Publishing representatives indicated that these types of adjustments for state-specific standards are common among the adoption states. Some books are designed to so that they can be tailored to various state standards.

The following excerpt from the 2007 consumer guide's description of *Prentice Hall Literature, Penguin Edition, Grade 10, Kentucky Student Edition* provides an example of the information included to meet Kentucky standards:

...The Penguin Edition provides students with the tools and practice they need for CATS test success. Countdown to the Test, CATS Test Taking Tips, and Timed Writing activities throughout the student edition ensure ample practice, while a CATS specific test preparation workbook provides students with sample tests, test-questions, and an overall study guide to ensure test achievement (Commonwealth Department. "Adoption Cycle").

Representatives of the publishing industry explained that designing material to fit each state's standards does add to the cost of textbooks. They did not provide an accounting of the additional costs.

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Publishers must honor their prices for basal textbooks for 6 years, so they must set their prices carefully. If they price too high, they risk losing sales to other publishers. If they price too low, they might not cover their costs.

### **Setting Textbook Prices in Kentucky**

When setting prices for textbooks, publishers must consider both current and future production costs and market conditions.

Publishers include prices when they submit bids to place basal textbooks on Kentucky's Multiple Lists and must honor these prices for the full duration of the adoption cycle. Given that the prices are fixed for 6 years, publishers must anticipate how production costs and market conditions will change during this time.

The bidding process provides publishers with an incentive to take great care in setting the prices that will be charged. A publisher that overcharges relative to its competitors risks losing sales and market share. Any lost market share may be difficult to recover given the 6 years that prices must be honored. Publishers also have an incentive not to undercharge for their products. If a publisher sets its prices too low and production costs increase faster than expected, the publisher will earn less than expected or perhaps lose money on these sales.

### **Prices for Kentucky High School Textbooks and Instructional Materials**

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Comparisons of prices are somewhat unreliable as the material available frequently changes from one adoption to another.

Relatively little data is publicly available to describe trends in prices for high school textbooks and instructional materials. While the multiple lists do provide information on the prices for available materials, the material available from one adoption to the next often changes. These changes make comparisons over time somewhat unreliable. In addition, KDE does not collect information on which products are actually being purchased by schools. This information would be needed to accurately understand how prices have affected school expenditures. Available data do not allow for a complete analysis of trends but do provide some insights into the range of prices charged for various instructional materials and, on a limited basis, how prices are changing.

Figure 3.A shows the distribution of prices for items that appear on Kentucky's multiple lists for grades 9 through 12. The figures include prices for a wide range of materials, so care must be taken when interpreting the distributions shown. For example, science textbooks include titles on chemistry, physics, and anatomy. Further complicating the distributions, the lists for language arts and for practical living and vocational skills include ancillary items that are available but that are not intended to be the primary resources. These ancillary items include material such as workbook answer keys, which are often priced much lower than the primary textbooks.<sup>2</sup>

Generally, the figures suggest that materials on the multiple list for science appeared to be among the most expensive. Math items were most frequently priced at \$50 to \$60. The multiple list for language arts includes a number of large packages with relatively high prices. For example, the ACCESS English/Reading & Writing Sourcebook Bundle is listed for \$924. While this subject area has the most items available at prices above \$300, it also has the most items available under \$30. For instance, the language arts list includes a number of relatively low-cost items such as workbooks, answer keys, and language CDs.

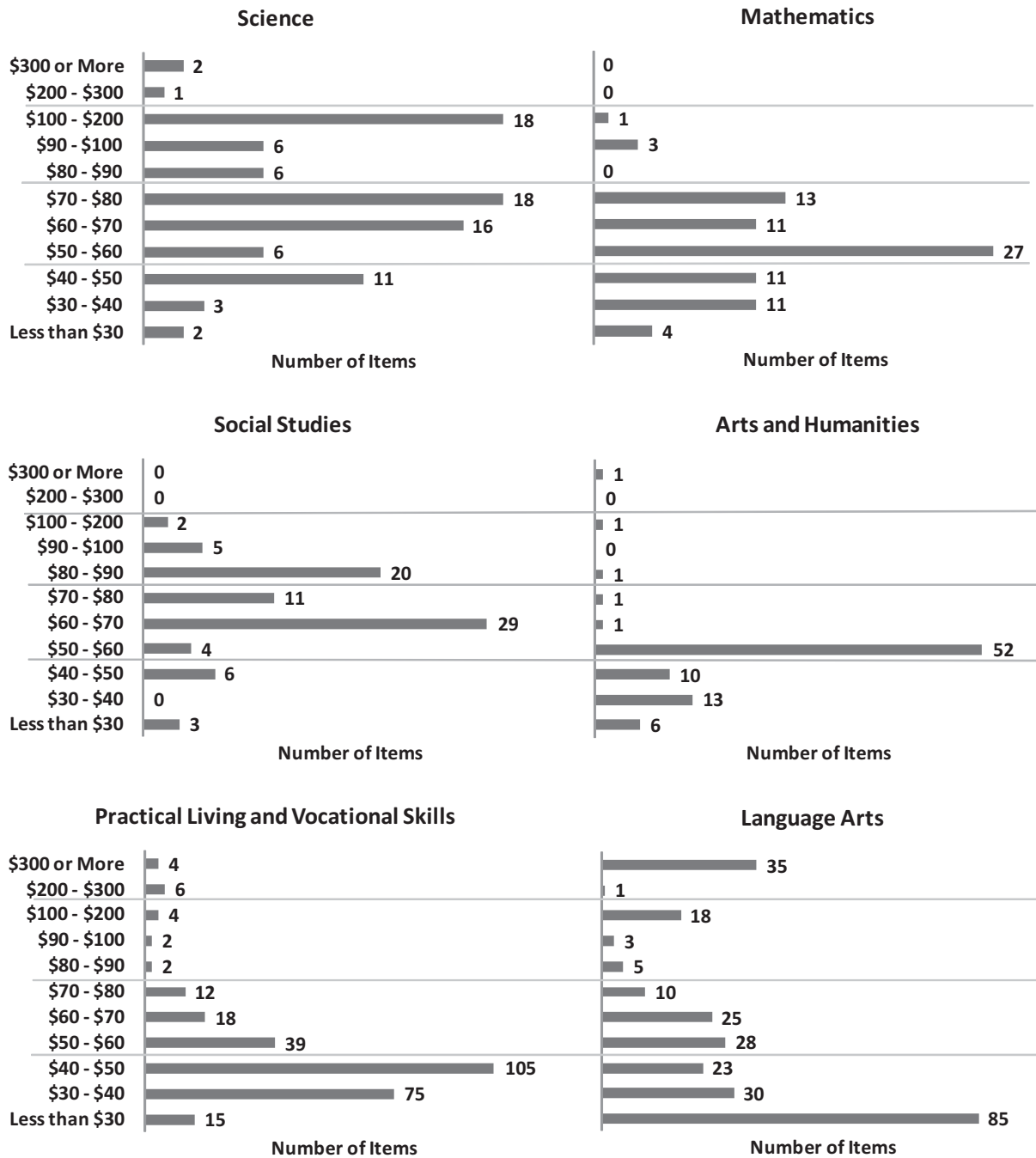
While these data provide a general sense of the level of prices charged for materials on the multiple lists, few strong conclusions can be drawn. Much of the price variation within subject area is the result of the type of material being provided.

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<sup>2</sup> The multiple lists for language arts and for practical living and vocational skills do not separate the ancillary items from the recommended items.



**Figure 3.A**  
**Price Distribution of Items on Kentucky's Multiple Lists**



Note: The scale for frequency of prices differs for each subject. Social studies and arts and humanities include ancillary materials.

Source: Commonwealth. Department. "Textbooks."

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Because prices are fixed for 6 years, textbook prices will only increase with the new adoption.

Because prices are typically fixed for a 6-year period, prices tend to be stable for a period of time and then increase with the new adoption. These increases reflect changes in production costs that have occurred and changes in demand for the product. Staff compared the prices for individual textbooks from the 2008 science adoption to the prices for the same books in the 2002 adoption. The books listed in Table 3.4 are not intended to be representative of all books. In many instances, textbooks that were available in 2002 could not be matched to an equivalent book in 2008. Therefore, the results should not be generalized to all textbooks.

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Prices increases from one adoption to the next can be misleading. Considering the annual rate increase between adoptions can be more informative.

These comparisons can be misleading as prices are fixed for several years and then increase with the new adoption. In addition, the comparisons do not reflect changes in the quality of the textbooks during this time period. Table 3.4 shows the increase as an annual percentage increase, which reflects that there were 6 years between when the prices were set for the 2002 and the 2008 adoptions. This makes the percentage increase comparable to other measures of price increases, such as inflation. For example, the price of *AGS Biology, Student Edition* increased by 34 percent from the 2002 adoption to the 2008 adoption, but this increase is equivalent to a 5 percent increase each year over a 6-year period.

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Annual prices increases for a small sample of textbooks ranged from 0.7 percent to 5 percent. Inflation during this time increased by 2.8 percent annually.

Prices for four books published by AGS increased by approximately 5 percent annually. For the other eight books considered, the prices increased by 0.7 percent to 3 percent per year. During this same period, inflation increased by approximately 2.8 percent annually. While the results cannot be generalized to make statements about how the prices of textbooks in general are increasing, they do suggest that prices increase faster than inflation for some books and less than inflation for others. Overall, the price increases for high school textbooks do not seem a high as was found for college textbooks.

**Table 3.4**  
**Changes in the Prices of Textbooks From the 2002 to 2008 Science Adoption**

Title	Adoption Price		Difference	
	2002	2008	Total	Annual Percent Increase
<i>AGS Biology, Cycles of Life, Student Edition</i>	\$37.35	\$49.99	\$12.64	5.0%
<i>AGS Biology, Student Edition</i>	\$37.35	\$49.99	\$12.64	5.0%
<i>AGS Earth Science, Student Edition</i>	\$37.35	\$49.99	\$12.64	5.0%
<i>AGS Physical Science, Student Edition</i>	\$37.35	\$49.99	\$12.64	5.0%
<i>Chemistry: Matter and Change</i>	\$54.99	\$71.97	\$16.98	4.6%
<i>Earth Science: Geology: The Environment, and the Universe</i>	\$52.98	\$69.48	\$16.50	4.6%
<i>Chemistry, Pupil Edition</i>	\$119.16	\$122.67	\$3.51	0.5%
<i>Biology, Student Edition</i>	\$96.63	\$109.97	\$13.34	2.2%
<i>Chemistry: The Central Science, Student Edition</i>	\$102.63	\$110.97	\$8.34	1.3%
<i>Physics: Principles with Applications, Student Edition</i>	\$102.63	\$108.97	\$6.34	1.0%
<i>Human Anatomy &amp; Physiology, Student Edition Package</i>	\$102.63	\$110.47	\$7.84	1.2%
<i>Biology: Concepts &amp; Applications</i>	\$88.95	\$105.50	\$16.55	2.9%
<i>Biology: Unity &amp; Diversity of Life</i>	\$97.95	\$104.00	\$6.05	1.0%
<i>Environmental Science</i>	\$84.95	\$88.50	\$3.55	0.7%

Source: Commonwealth. Department “Adoption Group III.”

Staff compared the prices charged in Kentucky to the prices charged in Indiana, West Virginia, and Florida.

Staff performed similar comparisons between Kentucky’s science prices and the prices for the same book in other states with state-level adoptions. In many instances, staff could not be certain that the books being compared were the same, mostly due to differences in the timing of each state’s adoption cycle and changes in textbook titles. Some material across states initially appeared to be matches based on titles, but copyright dates and edition numbers were inconsistent.

Table 3.5 shows some of the comparisons that staff made between the prices of titles on Kentucky’s multiple list for science and the multiple lists for Indiana, West Virginia, and Florida, which also have state-level textbook adoptions. Prices in these states are set for 6 years for Indiana and West Virginia and 3 years for Florida. The titles shown were not randomly selected and there are too few for the price differences to be generalized.

The table shows the price charged in the four states, the copyright year for the edition listed in each state, and the first year of the adoption for each state. For example, *Hole’s Human Anatomy and Physiology* was priced at \$128.50 in Kentucky for the edition published in 2006. This information comes from the Kentucky science adoption, which begins in 2008. Therefore, 2008 reflects the first year that this book was available at this price in Kentucky.

There are a number of differences in the prices charged across states. *Holt Physics, Student Edition* was included on each of the four states' approved lists. Prices for this title ranged from \$59.70 to \$67.98. The price for *Introduction to Chemistry: A Foundation* was \$90.57 in Kentucky, \$84.27 in West Virginia, and \$80.07 in Indiana.

Some of the price differences reflect new editions. For example, the 2006 edition of *World of Chemistry* was priced at \$63.93 in Indiana. Kentucky's multiple list includes the 2007 edition of *World of Chemistry*, which is priced at \$69.90. Newer editions would also reflect changes in the general price level for books. In addition, any added material in the newer editions could affect the price.

Table 3.5 also shows how Kentucky's prices differ from the prices in other states. Because the prices in the three other states were set 2 or 3 years earlier than the prices for Kentucky, the differences are shown on an annual basis. For example, Kentucky's price for *Holt Physics, Student Edition* was \$3.25 higher than Indiana's price but was set approximately 3 years later. This amounts to an increase of approximately 1.8 percent per year.

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Prices differences appear to be primarily the result of when the states adopted their textbooks. States with earlier adoptions typically had lower prices. When these states update their lists of approved textbooks, they will likely see higher prices.

Many but not all of the titles were more expensive in Kentucky than in the comparison states. The price differences appear to be due to differences in the timing of adoptions. To confirm this, staff also compared the prices included in Kentucky's science adoption for 2002 through 2008 to the prices in Indiana, West Virginia, and Florida. In this comparison, prices for Kentucky were generally lower, suggesting that the price differences do reflect differences in the timing of the adoptions. For example, Kentucky's price for *Introductory Chemistry: A Foundation* was \$69.57 from 2002 through 2008. Therefore, Kentucky's price for this book was lower than the prices charged in Indiana and West Virginia until prices were increased with Kentucky's new science adoption.

**Table 3.5**  
**Comparison of Prices in Kentucky and Other States, Science Textbooks**

<b>Title</b>	<b>State</b>	<b>Price</b>	<b>Copyright Year</b>	<b>First Year of Adoption</b>	<b>Annual % Difference Between Price Charged in Kentucky and Other State</b>
<i>Hole's Human Anatomy and Physiology</i>	Kentucky	\$128.50	2006	2008	
	Indiana	-	-	-	-
	West Virginia	-	-	-	-
	Florida	\$108.00	2004	2006	9.1%
<i>World of Chemistry</i>	Kentucky	\$69.90	2007	2008	
	Indiana	\$63.93	2006	2005	3.0%
	West Virginia	\$65.22	2006	2006	3.5%
	Florida	-	-	-	-
<i>Introduction to Chemistry: A Foundation</i>	Kentucky	\$90.57	2008	2008	
	Indiana	\$80.07	2004	2005	4.2%
	West Virginia	\$84.27	2004	2006	3.7%
	Florida	-	-	-	-
<i>Holt Physics, Student Edition</i>	Kentucky	\$62.95	2006	2008	
	Indiana	\$59.70	2006	2005	1.8%
	West Virginia	\$67.98	2006	2006	-3.8%
	Florida	\$62.95	2006	2006	0.0%
<i>Hole's Essentials of Human Anatomy</i>	Kentucky	\$95.00	2007	2008	
	Indiana	-	-	-	-
	West Virginia	\$87.25	2006	2006	4.3%
	Florida	\$87.25	2006	2006	4.3%
<i>Biology: Concepts and Connections</i>	Kentucky	\$93.47	2006	2008	
	Indiana	\$77.97	2006	2005	6.2%
	West Virginia	\$81.47	2006	2006	7.1%
	Florida	-	-	-	-

Sources: LRC Staff's analysis of Commonwealth. Department. "State"; State of Indiana; State of West Virginia; State of Florida. Department.

## Other Factors Affecting High School Textbook Expenditures

Price is just one factor that can impact the amount schools spend on textbooks. Staff asked principals to discuss other factors that influence textbook costs and to describe the strategies that their schools use to manage those costs.

### Lost and Damaged Textbooks

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Principals frequently mentioned that lost and damaged textbooks affect their schools' textbook expenditures.

The most common response to the question about factors influencing expenditures was lost and damaged books.<sup>3</sup> Principals noted that some textbooks are either not returned or are returned damaged, which both require the school to replace or repair books. The amount that schools spend to replace or repair these textbooks is not known.

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Some schools are trying to hold students accountable for their textbooks but are limited by the difficulties of collecting payments from students.

Some schools attempt to hold students accountable for their textbooks by implementing textbook management systems to track which textbooks were assigned to which student. Students who do not return or pay for their assigned books may be subject to various penalties, such as not being allowed to attend the prom or graduation ceremonies. Many principals noted that the effectiveness of these penalties is limited. It is difficult to collect payments for missing textbooks, and penalties that are imposed may not be sufficient to motivate students to return their textbooks.

Some principals also noted that schools incur costs by having to repair damaged textbooks, although this damage is not necessarily due to students mishandling their textbooks. Many of the principals and teachers who staff surveyed or interviewed indicated that many textbooks would begin to deteriorate during the 6 years between adoptions. Some schools rebind books for reuse.

### Number of Textbooks Needed

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Some schools purchase classroom sets rather than books for each student to reduce the number of books purchased.

Some schools reduce the number of needed textbooks by purchasing classroom sets rather than getting separate books for each student. A student might be able to check out a textbook to take home, but the book would not be permanently assigned to the student.

Teachers and principals indicated that parents have expressed concern over the lack of textbooks when classroom sets are used.

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<sup>3</sup> It is possible that principals responded frequently with "lost and damage textbooks" because the response was listed as an example in the wording of the question.

One teacher indicated that to address this concern her school purchases access rights to online textbooks in addition to the paper copies. This would improve access by allowing students to access textbooks from home but only for students with access to a computer and the Internet.

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Schools have altered their schedules so that some students take a class during the first half of the year and others take the class during the last half of the year. This allows students to use fewer books.

Some principals cited block scheduling as an effective way to reduce the number of textbooks needed. With block scheduling, classes are scheduled so that they do not run for the entire year. For example, in a traditional class schedule, a student might spend 1 hour per day in a geometry class for the entire school year. In a block schedule, the same student spends 2 hours per day in geometry but completes the course by mid-year. This allows two groups of students to use the same set of geometry textbooks during the same year, thus reducing the number of textbooks that the school must purchase.

### **Ineffective Material**

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Some teachers noted that some material seemed good during its evaluation but did not meet expectations when used in the classroom.

Some teachers noted that, on occasion, the textbooks they select end up being ineffective instructional resources in the classroom. According to some teachers, this seems to occur because the individuals making the selections have a limited time to review the material, which means that they cannot always predict how effective any given textbook actually will be in the classroom. As a result, some purchases do not meet teachers' expectations.

There are various reasons that textbooks and materials might be deemed unsatisfactory. In some instances, the material may simply be poorly designed. In other instances, the problem may be attributable to implementation. One publishing company representative noted that some teachers do not use the material in the manner that the publishers designed them to be used. In this situation, the textbooks may be well designed, but the teachers may not be properly trained to use them, which can limit the effectiveness of potentially useful material.

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Teachers have few avenues to communicate their experiences regarding education resources.

Regardless of why a teacher might deem a particular textbook or other instructional material unsatisfactory for use in his or her classroom, it might be helpful to the individuals making purchasing decisions to know what other educators thought of the material. Teachers interviewed by staff indicated that there were few avenues by which educators could discuss their experiences.

Recommendation 3.2 is that the Textbook Commission should develop a formal method for educators to share experiences with instructional materials. This method should include a listing of materials purchased by each high school.

### Recommendation 3.2

**The Textbook Commission should develop a formal method to allow educators to share experiences with textbooks and other instructional resources. This method should include a listing of the materials purchased by each high school.**

#### Length of Adoption Cycle

The number of years between adoptions can affect costs. A longer time between adoptions means that material might become outdated.

Costs are determined in part by the length of the adoption cycle. Longer adoption cycles result in books being replaced less frequently, which might decrease expenditures. These savings might be offset in part by higher costs of replacing or repairing damaged books that would be used for a longer period of time.

With longer cycles, if the material covered in the subject area changes frequently, students would be more likely to be using outdated textbooks. As a result, decisions about the length of the adoption cycle necessitate a trade-off between expenditures and current information.

For each subject, the majority of surveyed principals said that 6 years between adoptions was appropriate.

Staff asked principals whether they felt the 6-year adoption cycle was appropriate, too long, or too short for each of the major subject areas. Table 3.6 summarizes the principals' responses.<sup>4</sup> Principals who indicated that the time period was too long or too short were also asked to explain why.

**Table 3.6**  
**High School Principals' Views of the 6-year Adoption Cycle**

Subject Area	Appropriate	Too Long	Too Short	Total	Number of Respondents
Arts & Humanities	83%	7%	10%	100%	175
Mathematics	80%	13%	7%	100%	179
Practical Living	64%	28%	8%	100%	169
Reading	82%	11%	7%	100%	176
Science	55%	35%	10%	100%	178
Social Studies	63%	30%	7%	100%	176
Writing	87%	6%	6%	100%	173

Source: LRC staff's survey of high school principals.

<sup>4</sup> Textbooks for reading and writing are adopted during the same year, but the survey asked principals about the 6-year adoption cycle for these subjects separately.



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Six years between adoptions was more likely to be considered too long for science, social studies, and practical living than for other subjects.

For each subject, more than half of the principals indicated that 6 years between adoptions was appropriate. Principals were more likely to consider 6 years between adoptions too long for science, social studies, and practical living, noting how quickly the information changes. Six years was less likely to be deemed too long in arts and humanities, writing, math, and reading. For each subject, 10 percent of principals or less indicated that 6 years was too short.

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As textbooks become outdated, teachers supplement their textbooks with materials from other sources such as the Internet.

Longer adoption cycles can also affect how educators teach. Approximately two-thirds of the principals indicated that teachers adjust teaching methods as books get older. Teachers will turn to resources such as Web sites to supplement or replace material that would typically come from textbooks. Often the additional resources are funded through school funds such as grants and school-based decision making funds or are purchased by teachers.

### **Electronic Materials**

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Many publishers offer electronic materials. These can be updated easily and can potentially provide a more interactive learning experience.

Many publishers now offer electronic copies of the material or supplement their material with software or Web sites. An article in the *American School Board Journal* noted that electronic material offers educators potential advantages over traditional print materials. Electronic materials can be easily updated to reflect new information and can provide a more interactive learning experience than traditional textbooks (Dillon).

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The research on the effectiveness of electronic materials is mixed. This may be due to limitations in the research methods.

While electronic materials might provide some benefits to students and teachers, conclusions on the effectiveness of technology on student performance are mixed. These differing results are due largely to differences in how the research is conducted and the types of technology studied.

Much of the research has limitations. In his review of studies of the impact that technology has on student performance, Waxman noted that a “lack of quality” studies limits research in this area (13). He noted that many recent studies are simply descriptive or anecdotal rather than scientifically based. Rouse and her co-authors found that a study of the Fast ForWord program excluded students who did not complete the program. If low-performing students are less likely to complete the program, excluding them would overstate the benefits of the program.

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Widespread adoption of electronic materials is limited by uncertainty as to the form it will take and the costs associated with the materials and hardware.

While publishers are producing more materials electronically, it is not clear how quickly schools will adopt these materials. An official with the American Association of Publishers indicated that publishers attempted to develop this market with little success. Two issues seem to limit adoption of electronic materials. The first is uncertainty as to where the market will move. Currently, a number of products are competing in this market. These include desktop computers, laptop computers, iPods and other MP3 players, and the Kindle. Publishers are not certain what form of technology will be widely preferred. The second issue is cost. Electronic materials require additional hardware that might offset savings from using electronic material instead of printed material.

### **Use and Effectiveness of Materials**

While the cost of instructional resources is important, it is also useful to consider the benefits that teachers and students derive from the materials. For example, a relatively high cost might be justified for material that improves a student's ability to learn. Material that does not improve learning or that is not used might not be justified at any cost. The following sections briefly discuss principals' perceptions of how teachers use instructional materials in the classroom and the status of research intended to evaluate the benefits of instructional material.

#### **Classroom Use of Textbooks**

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Staff asked principals how heavily their teachers relied on textbooks in the classroom for different subjects. According to staff's survey, math, science, and social studies teachers rely most heavily on textbooks, while teachers in some subjects make very little use of instructional material.

To better understand the role instructional resources play in the classroom, staff asked high school principals how heavily their teachers relied on textbooks and supplemental materials. Their responses are summarized in Table 3.7. For each subject, principals could indicate whether teachers used textbooks or supplementary materials a lot, some, or very little or not at all.

According to the survey, math, science, and social studies teachers rely most heavily on textbooks. Teachers in some subjects make very little use of instructional material. For example, only 11 percent of principals indicated that textbooks were used a lot for writing. Fifty-six percent indicated that textbooks were used some for writing and 34 percent said that textbooks were used very little or not at all. Results were similar for arts and humanities and for practical living. It was not clear why use of textbooks in these subjects appears so low.

**Table 3.7**  
**High School Principals' Views of How Teachers**  
**Use Textbooks and Supplemental Materials**

Subject Area		Use a Lot	Use Some	Use Very	Total	Number of Respondents
				Little or Not at All		
Arts & Humanities	Textbook	16%	59%	25%	100%	180
	Supplementary	53%	34%	13%	100%	172
Mathematics	Textbook	91%	8%	1%	100%	159
	Supplementary	59%	34%	7%	100%	179
Practical Living	Textbook	19%	57%	23%	100%	171
	Supplementary	42%	42%	16%	100%	170
Reading	Textbook	58%	33%	9%	100%	178
	Supplementary	45%	44%	11%	100%	171
Science	Textbook	75%	25%	0%	100%	181
	Supplementary	74%	23%	3%	100%	180
Social Studies	Textbook	75%	25%	0%	100%	181
	Supplementary	61%	36%	3%	100%	179
Writing	Textbook	11%	56%	34%	100%	178
	Supplementary	38%	44%	18%	100%	167

Source: LRC staff's survey of high school principals.

Surveyed principals indicated that teachers use textbooks relatively less for arts and humanities, writing, and practical living, and that these teachers were more likely to use supplemental materials.

Seventy-four percent of principals indicated that supplementary materials were used a lot by science teachers. While the responses suggest that teachers use textbooks less often for arts and humanities, writing, and practical living, it appears that these teachers were more likely to use supplemental materials.

The responses summarized above reflect the perceptions of principals. Teachers might provide a different view of the use of materials. These results do, however, suggest that textbooks are not being used heavily in certain subjects, particularly arts and humanities, practical living and vocational skills, and writing classes.

## Research

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Publishers may submit information on the effectiveness of their products, which is included in the consumer guide. When information is provided, it appears to primarily be summaries of evaluations.

Publishers may submit information on research or evaluations to the Textbook Commission, and this information will be included in the consumer guide. A review of the consumer guide for mathematics indicates the type of information provided. In many instances, publishers provided no information. Some publishers provided information on how widely their materials were used. For instance, Bedford Freeman & Worth noted that 85 to 90 percent of students in advanced placement statistics used its *The Practice of Statistics* textbook. Other publishers provided brief summaries of evaluations. McDougal Littell, Inc. provided the following about its Integrated Mathematics books:

Muskegon High School, Muskegon Public School District, in Muskegon, Michigan, is one of the thirteen Michigan schools to have used all three levels of the Integrated Mathematics program by the end of the 1996/1997 school year. Scores for Muskegon High School students on the mathematics portion of the Michigan High School Proficiency Test (HSPT) have increased dramatically over the past couple of years. The high school also reports that pre-calculus enrollment increased from 36 to 50 students between the 1997-1998 and 1998-1999 school years (Commonwealth. Department. "Adoption Group IV").

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Most of the information provided is not sufficient to evaluate the statements on effectiveness without obtaining additional information from the publishers.

Most summaries were too brief to determine how evaluations were conducted and what the evaluations' limitations might be. The results typically compared some measure of student performance, such as test scores, for students who used the materials to that of students who had not. These differences might reflect the impact of the material or differences in the students, teachers, or some other factor. The material provided in the consumer guide did not generally provide sufficient information to evaluate the publishers' claims.

According to an official with the Association of American Publishers, there are few standards dictating when and how educational materials are evaluated. Conducting research in a manner that reliably isolates that impact of the material can be expensive and is not always performed. The official, however, noted that demand for this type of evaluation has been increasing as educators look for instructional programs that are supported by research.

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Recommendation 3.3 is that the Textbook Commission should encourage publishers to provide additional information demonstrating the effectiveness of instructional materials. The commission should also include materials in the consumer guide to help schools evaluate the information on effectiveness provided in the guide.

### Recommendation 3.3

**The Textbook Commission should encourage publishers to provide additional information demonstrating the effectiveness of instructional materials. The commission should also include materials in the consumer guide to help schools evaluate the information on effectiveness provided in the guide.**

### Conclusions

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The bidding process for textbooks requires that prices be fixed for 6 years. This provides an incentive for publishers to avoid setting prices too high or risk losing sales. School textbook expenditures are affected by the costs to replace or repair lost and damaged textbooks. Schools have implemented a number of strategies to address these costs.

In Kentucky, prices for textbooks and instructional materials are set through a competitive bidding process that is administered by KDE. The process is similar to that used by 21 other states. KDE requires publishers to submit sealed bids that include prices that will be fixed for 6 years. This process provides incentives for publishers to set prices that will cover their costs and provide for a reasonable rate of return on their investments. Publishers who charge higher prices risk losing market share to other publishers for the duration of the adoption cycle.

Prices are just one factor that affect textbook expenditures. Schools also experience greater demand for textbooks as enrollment increases. Replacing lost and damaged textbooks also contributes to expenditures.

High school administrators are implementing various strategies to address the costs of textbooks. Some schools have established textbook tracking systems to hold students accountable for lost or damaged books. Some schools adopt classroom sets or use block scheduling. By adopting strategies such as these, school administrators might be able to limit their expenditures on instructional materials.



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## Appendix A

### Survey of Eastern Kentucky University Students

This appendix summarizes the closed-ended responses from an online survey that was e-mailed in May 2008 to 3,000 students enrolled in summer school at Eastern Kentucky University; 151 students responded to questions concerning textbook costs and usefulness.

Note: Totals in the tables may not add to 100 percent due to rounding.

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#### Instructions

We are conducting a study of the costs of college textbooks for the Kentucky Legislature. As part of this study, we are asking college students to provide some information regarding their experiences purchasing and using textbooks during the Spring 2008 semester. The survey is anonymous. You will not be personally identified by your responses. The survey should only take about 5 to 10 minutes to complete. Thank you for your participation.

- Please allow 5 to 10 minutes to complete this questionnaire. Due to the nature of this questionnaire, it is not possible to save your responses and come back to them later.
- It is best to use the mouse to navigate between questions, rather than "tab" or "enter."
- Please answer all questions.
- If you click "submit" after completing the survey and receive an error message, our server may be too busy to accept your response at that time. If this happens, DO NOT close the browser. This will cause you to lose your responses. Click the "back" button on your browser, wait a few minutes, and then try again to submit. We appreciate your patience with this process.

## 1. What year of college are you currently in?

<b>Year</b>	<b>Number of Respondents</b>	<b>% of Total</b>
Freshman	8	5.4%
Sophomore	14	9.4%
Junior	29	19.5%
Senior	86	57.7%
Graduate student	10	6.7%
Other	2	1.3%
Total	149	100%

## 2. Please indicate how you obtained the required and recommended materials for your classes during the Spring semester.

<b>Retailer</b>	<b>Number of Respondents</b>	<b>% of Total</b>
University bookstore	110	72.9%
Off-campus bookstore	68	45.0%
Online bookstore	51	33.8%
Shared with another student	32	21.2%
Borrowed from library	9	6.0%
Did not purchase required materials	5	3.3%
Did not purchase recommended or optional materials	20	13.3%
Other	13	8.6%
Total	151	*

\*Total adds to more than 100% because each respondent could give multiple answers.

3. Approximately how much did you spend on textbooks and course materials such as textbook supplements, workbooks, or CD-ROMs for the Spring semester?

[Note: open-ended question; responses categorized by LRC staff]

<b>Amount</b>	<b>Number of Respondents</b>	<b>% of Total</b>	
\$200 or less	17	11.5%	<b>Average</b> \$434
\$201 to \$400	52	35.1%	<b>Minimum</b> \$0
\$401 to \$600	62	41.9%	<b>Maximum</b> \$900
More than \$600	17	11.5%	
<b>Total</b>	<b>148</b>	<b>100%</b>	

4. Did you receive any type of formal financial assistance to pay for these materials? Please exclude financial assistance from family members.

<b>Received Assistance?</b>	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	59	40.4%
No	87	59.6%
<b>Total</b>	<b>146</b>	<b>100%</b>

If yes, what percentage of costs were covered by financial assistance?

<b>Percentage of Costs</b>	<b>Number of Respondents</b>	<b>% of Total</b>
Less than 20%	3	5.1%
20% to 39%	4	6.8%
40% to 59%	5	8.5%
60% to 79%	5	8.5%
80% to 100%	42	71.2%
<b>Total</b>	<b>59</b>	<b>100%</b>

5. List the courses you took during the Spring 2008 semester. For any primary textbooks and any supplementary materials such as workbooks, secondary textbooks, or CD-ROMs that were assigned for the courses, please indicate how useful the materials were and whether the materials were worth the cost that you paid.

[Note: The survey asked the respondent to provide information for up to six courses. The table below shows the combined results for all courses.]

Combined Results for Six Courses	Required Materials		Supplemental Materials	
	Number of Respondents	% of Total	Number of Respondents	% of Total
	<b>Useful</b>			
Almost Always Useful	215	37.3%	52	20.3%
Sometimes Useful	165	28.6%	41	16.0%
Rarely or Never Useful	159	27.6%	47	18.4%
Not Applicable	37	6.4%	116	45.3%
Total	576	100%	256	100%
	<b>Worth the Cost</b>			
Yes	206	36.9%	55	29.1%
No	307	55.0%	64	33.9%
Did not purchase	45	8.1%	70	37.0%
Total	558	100%	189	100%

6. If you indicated that some of the materials were rarely or never useful, please explain briefly why they were rarely or never useful?

7. Indicate the methods that you used to sell books at the end of the semester.

<b>Retailer</b>	<b>Number of Respondents</b>	<b>% of Total</b>
University bookstore	71	47.0%
Off-campus bookstore	48	31.8%
Online bookstore	15	9.9%
Directly to other students	20	13.3%
Did not sell	38	25.2%
Other	16	10.6%
Total	151	*

\* Total adds to more than 100% because each respondent could give multiple answers.

8. Indicate the amount you spent on course materials last semester and the amount you received from selling the material at the end of the semester.

[Note: open-ended question; responses categorized by LRC staff]

**Amount Spent on Course Materials**

<b>Amount</b>	<b>Number of Respondents</b>	<b>% of Total</b>	
\$200 or less	13	9.8%	<b>Average</b> \$442
\$201 to \$400	46	34.6%	<b>Minimum</b> \$0
\$401 to \$600	54	40.6%	<b>Maximum</b> \$900
More than \$600	20	15.0%	
Total	133	100%	

**Amount Received**

<b>Amount</b>	<b>Number of Respondents</b>	<b>% of Total</b>	
\$100 or less	81	63.8%	<b>Average</b> \$90
\$101 to \$200	39	30.7%	<b>Minimum</b> \$0
More than \$200	7	5.5%	<b>Maximum</b> \$300
Total	127	100%	

9. If you did not sell all of the materials, what were the reasons you did not sell all of the materials?

10. Have you ever dropped or changed classes as a result of the costs of textbooks?

<b>Dropped or Changed Classes?</b>	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	42	29.6%
No	100	70.4%
Total	142	100%

## Appendix B

### Survey of High School Principals

On May 9, 2008, Kentucky's high school principals were sent an e-mail asking them to participate in an online survey about textbooks. This appendix displays the questions that were asked and summarizes the responses to closed-ended questions. E-mails were sent to 433 principals, assistant principals, or their staff representing 241 high schools. There were 181 responses, but not all respondents answered every question.

Note: Totals in the tables may not add to 100 percent due to rounding.

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#### Instructions

We are conducting a study of the costs of high school textbooks for the Kentucky Legislature. As part of this study, we are asking high school principals to provide some information regarding their experiences with textbooks. The survey is anonymous. You will not be personally identified by your responses. The survey should only take about 5 to 10 minutes to complete. Thank you for your participation.

- Please allow 5 to 10 minutes to complete this questionnaire. Due to the nature of this questionnaire, it is not possible to save your responses and come back to them later.
- It is best to use the mouse to navigate between questions, rather than "tab" or "enter."
- Please answer all questions.
- If you click "submit" after completing the survey and receive an error message, our server may be too busy to accept your response at that time. If this happens, DO NOT close the browser. This will cause you to lose your responses. Click the "back" button on your browser, wait a few minutes, and then try again to submit. We appreciate your patience with this process.

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1. Does your high school charge students a fee that, at least in part, covers the use of textbooks?

	<b>Number of Respondents</b>	<b>% of Total</b>
Fee covers only cost of textbook	32	17.9%
Some of fee covers textbooks	57	31.8%
School does not charge textbook fee	90	50.3%
Total	179	100%

If yes, how much is the fee and how frequently is the fee collected?

	<b>Number of Respondents</b>	<b>% of Total</b>
\$10 or less	14	25.0%
\$10.01 to \$20	4	7.1%
\$20.01 to \$40	11	19.6%
\$40.01 to \$60	19	33.9%
More than \$60	8	14.3%
Total	56	100%

Collected every:

	<b>Number of Respondents</b>	<b>% of Total</b>
Year	85	90.4%
Semester	5	5.3%
Quarter	1	1.1%
Month	1	1.1%
Other	2	2.1%
Total	94	100%

If other, please explain:

2. Are some students exempt from this fee?

	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	95	77.9%
Not applicable	25	20.5%
Do not know	2	1.6%
Total	122	100%

If yes, what determines whether a student is exempt from the textbook fee?

Approximately what percentage of the school's students are exempt from the textbook fee?

	<b>Number of Respondents</b>	<b>% of Total</b>
20% or less	15	16.5%
21% to 40%	37	40.7%
41% to 60%	22	24.2%
61% to 80%	10	11.0%
81% to 100%	7	7.7%
Total	91	100%



The Kentucky Department of Education (KDE) provides lists of textbooks that are reviewed and approved by the state’s Textbook Commission. Schools may purchase books from these lists or purchase books that have not been reviewed and approved by the commission.

3. In the past year, has your high school purchased any textbooks that were not on one of KDE's lists?

	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	29	16.0%
No	133	73.5%
Do not know	19	10.5%
Total	181	100%

If yes, approximately what percentage of your school's textbook expenditures this year were for textbooks not on one of KDE's lists?

	<b>Number of Respondents</b>	<b>% of Total</b>
10% or less	15	53.6%
10% to 20%	9	32.1%
More than 20%	4	14.3%
Total	28	100%

What factors contributed to the decision to purchase textbooks that were not on KDE's lists?

4. Other than the prices that are charged for textbooks, what factors contribute to your school's textbook expenditures? An example would be textbooks that students lose during the school year.

5. Has your school implemented any strategies to reduce its expenditures on textbooks?

	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	100	57.5%
No	65	37.4%
Do not know	9	5.2%
Total	174	100%

If yes, please describe these strategies.

Typically, the Textbook Commission reviews textbooks for a different subject area each year. Subject areas are usually reviewed on a 6-year cycle, so for any given subject area, new textbooks are usually placed on the approved list every 6 years.

6. Please consider the type of material covered by the subject areas listed below and indicate whether 6 years is appropriate, too long, or too short between reviews.

	Science		Math		Arts and Humanities	
	Number of Respondents	% of Total	Number of Respondents	% of Total	Number of Respondents	% of Total
Appropriate	98	54.7%	144	80.4%	145	81.5%
Too long	63	35.2%	23	12.8%	13	7.3%
Too short	17	9.5%	12	6.7%	17	9.6%
Do not know	1	0.6%	0	0.0%	3	1.7%
Total	179	100%	179	100%	178	100%

	Social Studies		Writing		Reading	
	Number of Respondents	% of Total	Number of Respondents	% of Total	Number of Respondents	% of Total
Appropriate	110	61.5%	151	84.4%	145	81.0%
Too long	53	29.6%	11	6.1%	19	10.6%
Too short	13	7.3%	11	6.1%	12	6.7%
Do not know	3	1.7%	6	3.4%	3	1.7%
Total	179	100%	179	100%	179	100%

	Practical Living and Vocational Skills	
	Number of Respondents	% of Total
Appropriate	108	60.7%
Too long	47	26.4%
Too short	14	7.9%
Do not know	9	5.1%
Total	178	100%

7. If you indicated that 6 years between reviews is too long, please explain why below.

8. If you indicated that 6 years between reviews is too short, please explain why.

9. For the following subject areas, how heavily do teachers make use of textbooks?

	Science		Math	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	135	74.5%	167	92.3%
Some	46	25.4%	13	7.2%
Very little or none at all	0	0.0%	1	0.6%
Do not know	0	0.0%	0	0.0%
Total	181	100%	181	100%

	Arts and Humanities		Social Studies	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	28	15.5%	135	74.6%
Some	107	59.1%	46	25.4%
Very little or none at all	45	24.9%	0	0.0%
Do not know	1	0.6%	0	0.0%
Total	181	100%	181	100%

	Writing		Reading	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	19	10.6%	104	57.8%
Some	99	55.0%	58	32.2%
Very little or none at all	60	33.3%	16	8.9%
Do not know	2	1.1%	2	1.1%
Total	180	100%	180	100%

	Practical Living and Vocational Skills	
	Number of Respondents	% of Total
A lot	33	18.2%
Some	98	54.1%
Very little or none at all	40	22.1%
Do not know	10	5.5%
Total	181	100%

10. For each of the following subject areas, how heavily do teachers make use of supplemental materials that are provided with textbooks?

	Science		Math	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	133	73.5%	105	58.0%
Some	42	23.2%	61	33.7%
Very little or none at all	5	2.8%	13	7.2%
Do not know	1	0.6%	2	1.1%
Total	181	100%	181	100%

	Arts and Humanities		Social Studies	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	91	50.6%	109	60.2%
Some	58	32.2%	65	35.9%
Very little or none at all	23	12.8%	5	2.8%
Do not know	8	4.4%	2	1.1%
Total	180	100%	181	100%

	Writing		Reading	
	Number of Respondents	% of Total	Number of Respondents	% of Total
A lot	63	35.2%	77	43.0%
Some	74	41.3%	76	42.5%
Very little or none at all	30	16.8%	18	10.1%
Do not know	12	6.7%	8	4.5%
Total	179	100%	179	100%

	Practical Living and Vocational Skills	
	Number of Respondents	% of Total
A lot	71	39.4%
Some	72	40.0%
Very little or none at all	27	15.0%
Do not know	10	5.6%
Total	180	100%

11. Do teachers adjust their teaching methods as books get older?

	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	100	55.9%
No	49	27.4%
Do not know	30	16.8%
Total	179	100%

If yes, how are they adjusting their teaching methods?

12. Do these adjustments require the purchase of additional materials?

	<b>Number of Respondents</b>	<b>% of Total</b>
Yes	74	49.0%
No	53	35.1%
Do not know	24	15.9%
Total	151	100%

If yes, who provides the funds for these materials?

13. What were the school's total textbook expenditures for the current school year?

	<b>Number of Respondents</b>	<b>% of Total</b>
\$10,000 or less	11	25.6%
\$10,001 to \$40,000	14	32.6%
\$40,001 to \$70,000	7	16.3%
\$70,001 to \$100,000	9	20.9%
Over \$100,000	2	4.7%
Total	43	100%

14. Who is responsible for selecting the textbooks that are used in your school?

	<b>Number of Respondents</b>	<b>% of Total</b>
Individual teachers make the selection for their class	6	3.3%
A group of teachers from the school	148	82.2%
A group of teachers from schools across the district	16	8.9%
The school district	2	1.1%
Other	8	4.4%
Total	180	100%

If other, please explain who makes these decisions.



## Appendix C

### Response From Kentucky Department of Education

#### KDE Response to LRC Report on the Costs of College and High School Textbooks in Kentucky

#### Prepared for Program Review and Investigations Committee August 14, 2008 Meeting

#### Recommendation 3.1:

*“The Kentucky Department of Education should post approval of off-list materials and not require that additional evaluations be performed by other school districts that wish to use the same materials.”*

#### KDE Response:

During the review process, reviewers make sure the materials align with The Program of Studies and Core Content for Assessment. If the instructional materials are not selected for the approved list, those particular materials do not meet the requirement of Kentucky’s curriculum documents. If a district or school chooses to purchase “Off-List”, they must review the materials to ensure they are able to supplement so that curriculum requirements are met. Each local system is likely to supplement a different way due to local control over curriculum.

Currently, a district may submit an “Off-List” Notification form for all schools within the district selecting the same textbook.

We will consider making available the standardized component of the “Off-List” Notification. The statement of rationale will still need to be completed by each applicant.

#### Recommendation 3.2:

*“The Textbook Commission should develop a formal method to allow educators to share experiences with textbooks and other instructional resources. This method should include a listing of the materials purchased by each high school.”*

#### KDE Response:

During the textbook review process each year, a team of Kentucky educators comprise a Review Team that analyzes materials and publish their findings in the Consumer Guide. These findings are published prior to textbook selection. Schools and districts use the Consumer Guide to make informed decisions about which materials to further review. The KDE does not collect data on local textbook purchasing decisions for those schools that purchase from the state multiple list.

**Recommendation 3.3**

*“The Textbook Commission should encourage publishers to provide additional information demonstrating the effectiveness of instructional materials. The commission should also include materials in the consumer guide to help schools evaluate the information on effectiveness provided in the guide.”*

**KDE Response:**

In future textbook reviews, the textbook submission bid packet can include a section requiring publishers to submit scientifically-based research to support the effectiveness of their materials. During textbook reviews, reviewers can confirm the evidence was included and incorporate the evidence into the consumer guide.

In future publications of the textbook Consumer Guide, KDE can include a survey for users to respond to the effectiveness of the guide. Based on survey feedback, we can modify the Consumer Guide with each textbook adoption cycle.



## Appendix D

### Response From Association of American Publishers

Note: The response below is to an earlier draft of this report. Some of the issues raised are matters of judgment. In other cases, the response points out factual material in the earlier draft that should be clarified. This final version of the report takes these suggestions into account by

- changing the discussion of state laws that restrict the use of bundled material from “Eliminating bundles could reduce these unnecessary purchases” to “Requiring that bundles also be available as separate components could reduce these unnecessary purchases”;
- changing the description of recent federal legislation from requiring that publishers provide a “revisions history” for new editions to requiring that publishers provide “the copyright dates of the three previous editions” and “any substantive changes between the current and previous edition”; and
- updating the list of major college textbook publishers.

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**Association of American Publishers, Inc.**



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#### MEMORANDUM

**TO:** Senator Ernie Harris, Co-Chair  
Representative Reginald Meeks, Co-Chair

**CC:** Greg Hager, Committee Staff Administrator  
Ronny Pryor, AAP Lobbyist  
Kelley Abell, AAP Lobbyist

**FROM:** Bruce Hildebrand

**DATE:** August 13, 2008

**RE:** Kentucky Textbook Report

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Having seen many higher education textbook reports I can say unequivocally that this is the best, most objective and data driven study I have seen. I know very little about the development and marketing of K-12 textbooks so I will not comment on that segment of the study. Re. higher education, I would like to suggest some nuanced changes that could help the report better reflect the practices of the higher ed publishing sector and the intent of state and federal legislation.

The Association of American Publishers (AAP) has not objected to state or federal legislative initiatives unless the proposed legislation infringed on First Amendment rights, Interstate

Commerce laws and academic freedom, or created regulations that would actually raise the price of textbooks and other course materials.

In some instances, AAP has actually drafted and supported language that would protect publishers, faculty and students. For example, AAP drafted the language used in six states that precludes publishers from paying faculty to adopting textbooks. This provision was actually written to protect publishers from adopters who, due to budget constraints, might ask a publisher to fund teaching assistants, donate computers to a department, or provide other goods or services. The language also provides for exceptions for such things as faculty training in the use of teaching technologies, paying honoraria to expert course material reviewers and providing faculty with sample copies of textbooks.

The report implies on page 26, “Prohibit Publishers From Providing Payment to Faculty,” that publishers have to be precluded from making payments to obtain adoptions when, in fact, the intent is to preclude publishers from being asked to make payments of money or goods.

On page 27, the report states, “Eliminating bundles could reduce ... unnecessary purchases.” Neither state nor federal legislation calls for the elimination of bundles. Instead, they say that publishers will make course materials available, either bundled or a la carte. This practice is already standard in the industry so publishers have raised no objection to this requirement. Legislation recently passed in New York says it best: publishers will deliver course materials “as ordered.”

Another universal practice among publishers is to provide clear descriptions of the changes made between the latest edition and the immediately prior edition. This information is provided in the foreword of the new edition, in marketing materials and on publishers’ online sites. If adopters deem that the changes between editions are not sufficient, it is their option to continue to use the older edition or to choose another textbook from a different publisher. The report states on page 28 – “Require Publishers to Provide a List of Revisions for New Editions” – “With a list of revisions, faculty could more easily decide whether adopting a new edition was beneficial.” In fact, this information is already available and is key to the marketing of any new edition.

On page 28, the report states that legislation requires that publishers provide potential adopters with their wholesale prices. Again, this is a standard practice among publishers. What faculty want, faculty get. Virtually all publishers already list their products and their retail price on their websites. To determine the wholesale price of the course materials one only has to discount the price by 25 percent. For example, a book that retails on the publisher website for \$60 will be sold to bookstores and other book sellers for \$45.

Publishers do object to the requirement that all wholesale prices be publically listed because:

- 1) This requirement will create confusion in the marketplace. Adopters will be given the wholesale price of the textbook and likely assume, incorrectly, that is the price students will pay, and students will demand that they be allowed to purchase materials at the wholesale price.
- 2) No other industry in the United States is required to pro forma publicly list their wholesale prices.

- 3) Creating and maintaining public websites that list the wholesale price of all course material products will be a cumbersome and costly process that can negatively impact the price of course materials.

Lastly, on page 28 at “Federal Legislation” the report states that the federal bill requires publishers to provide a “revisions history.” Actually, the bill calls for “A description of the substantial content revisions made between the current edition of the college textbook or supplemental material and the previous edition.” AAP supported this language because this is already standard practice among publishers.

It is clear that a significant amount of hard work went into the completion of this report. As such, I wanted to point out that due to company sales, acquisitions and consolidations the top textbook publishers that should be listed on page 11 are Bedford, Freeman and Worth Publishing Group; Cengage Learning (formerly Thomson Learning); John Wiley & Sons, Inc; McGraw-Hill Education; Pearson Education and W.W. Norton.

